

BARCLAYS GLOBAL HEALTHCARE CONFERENCE

MARCH 17, 2016
MIAMI, FL

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EVP & CHIEF FINANCIAL OFFICER

Medtronic
Further, Together

FORWARD LOOKING STATEMENT

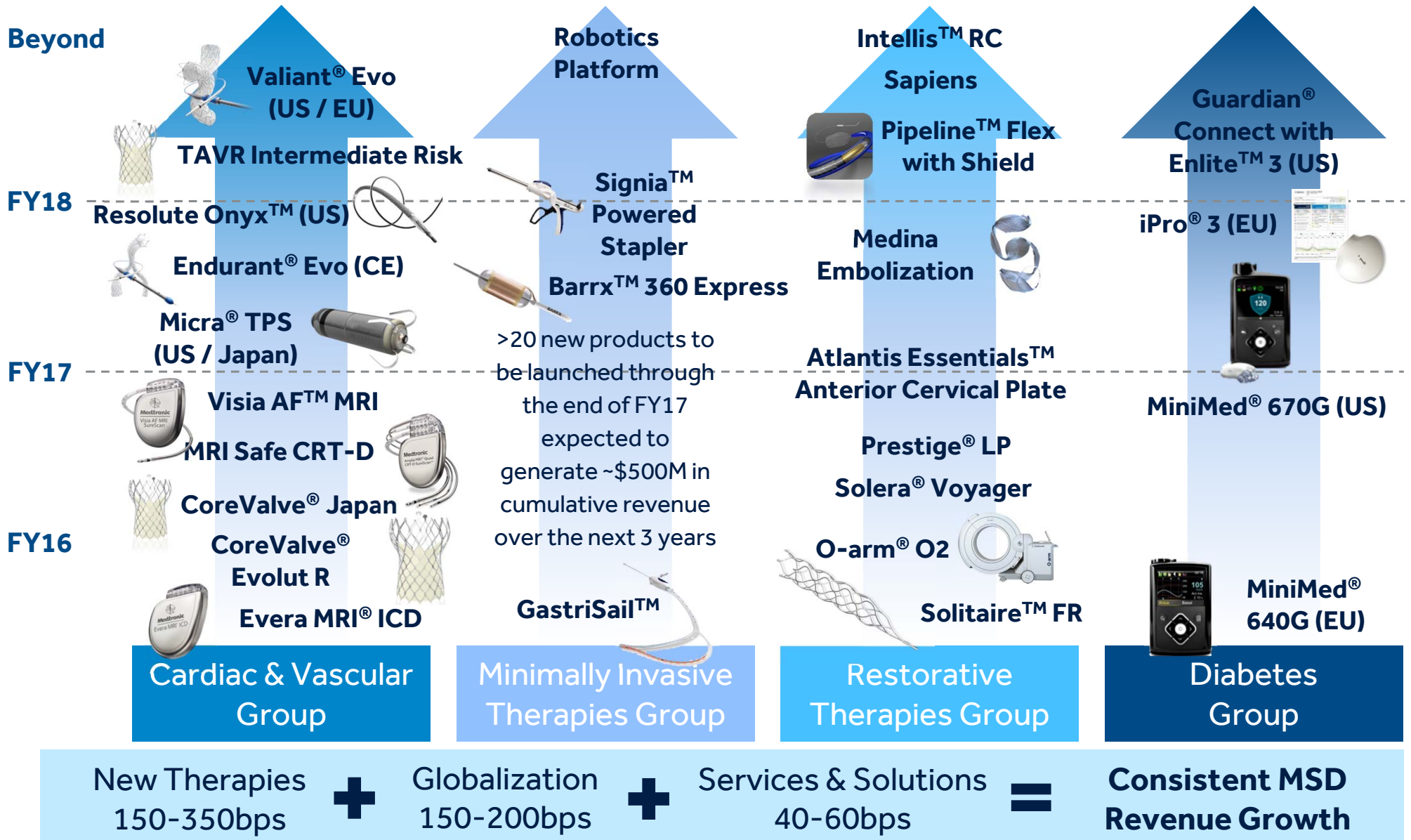
This presentation contains forward-looking statements which provide current expectations or forecasts, including those relating to market and sales growth, growth strategies, financial results, use of free cash flow, product development and introduction, partnerships, regulatory matters, restructuring initiatives, mergers/acquisitions/divestitures and related effects, accounting estimates, financing activities, working capital adequacy, competitive strengths and sales efforts. They are based on current assumptions and expectations that involve uncertainties or risks. These uncertainties and risks include, but are not limited to, those described in our periodic reports on file with the U.S. Securities and Exchange Commission (SEC). Actual results may differ materially from anticipated results. Forward-looking statements are made as of today's date, and we undertake no duty to update them or any of the information contained in this presentation.

Financial Data

Certain information in this presentation includes calculations or figures that have been prepared internally and have not been reviewed or audited by our independent registered public accounting firm. Use of different methods for preparing, calculating or presenting information may lead to differences and such differences may be material. This presentation also contains non-GAAP financial measures such as free cash flow and historical revenue on a comparable constant currency basis, which sums historical data of Medtronic and Covidien, aligns Covidien's prior year monthly revenue to Medtronic's fiscal quarters and adjusts for the impact of foreign currency translation. We believe these measures provide a useful way to evaluate our underlying performance. Detail concerning how all non-GAAP measures are calculated, including all non-GAAP to GAAP reconciliations, are attached.

NEW THERAPIES: KEY TO SUSTAINABLE MID-SINGLE DIGIT GROWTH

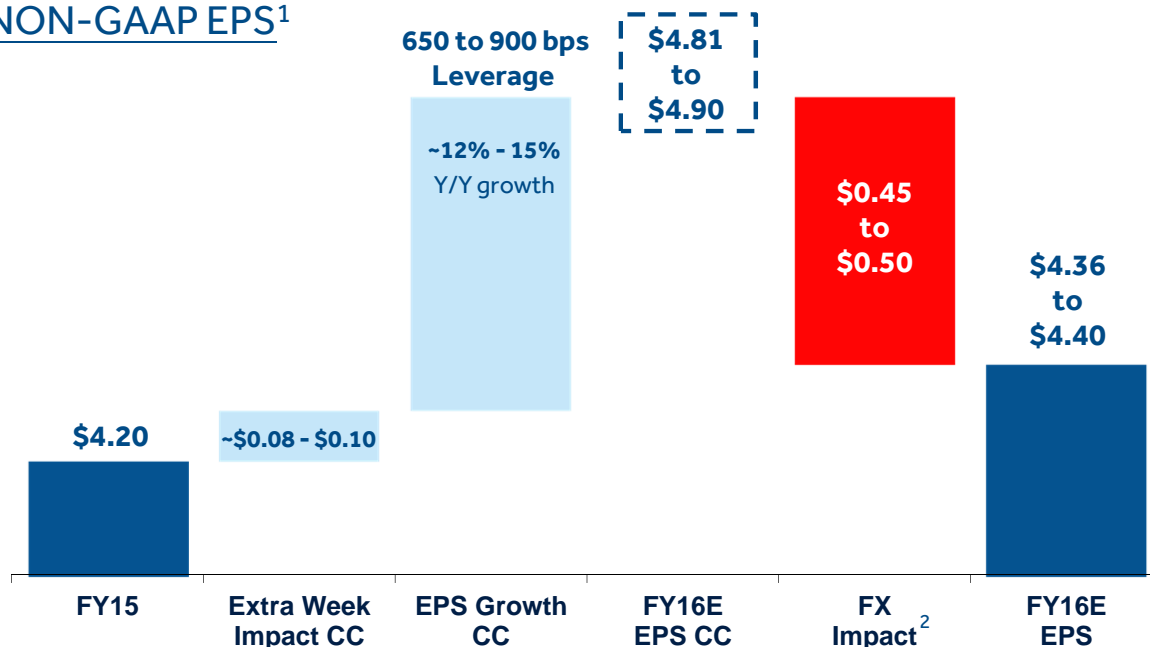
Additional Pipeline to be Discussed at June Investor Day



EPS WALK: FY15 – FY16E

FX PARTIALLY OFFSETTING STRONG OPERATING LEVERAGE

NON-GAAP EPS¹



FY17 Commentary

- Double-Digit to Low-Teens EPS Constant Currency Growth After Adjusting for the Extra Week
- Extra Week Will Negatively Affect FY17 Revenue Growth by ~150 bps, with Commensurate EPS Impact
- FX²:
 - Revenue: ~\$250M-\$300M negative impact
 - EPS: (\$0.20) to (\$0.25) negative impact

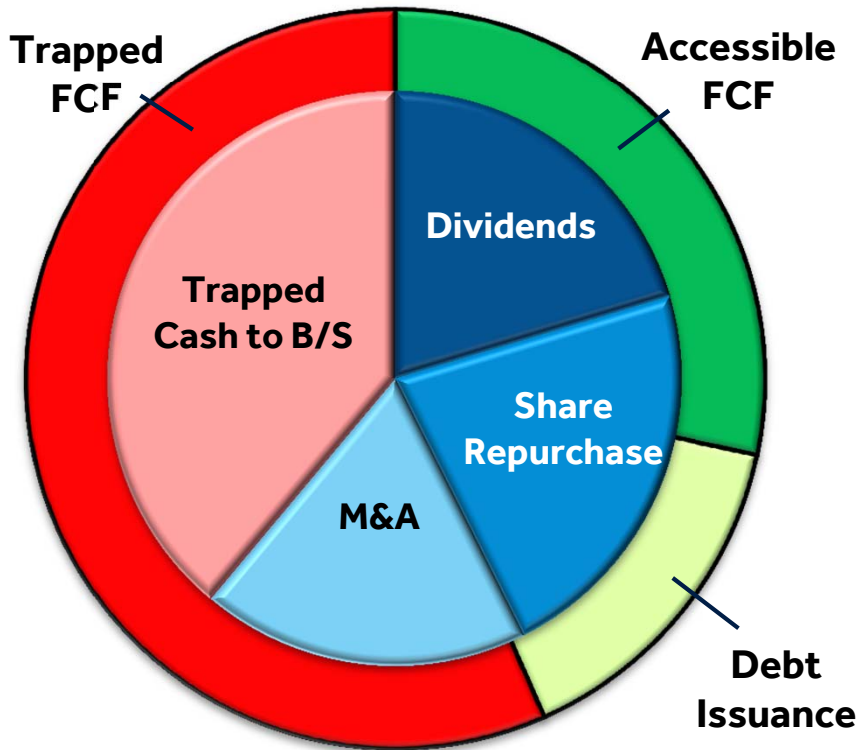
- Delivering 650 to 900 bps of CC EPS Leverage (Excl. Benefit of the Extra Week)
- COV Synergies: Expect to Exceed Goal of \$300-\$350M
- Significant FX Impact Partially Mitigated by Hedging Strategy

¹ Non-GAAP EPS on a comparable basis

² FX impact calculated using rates as of 2/29/2016

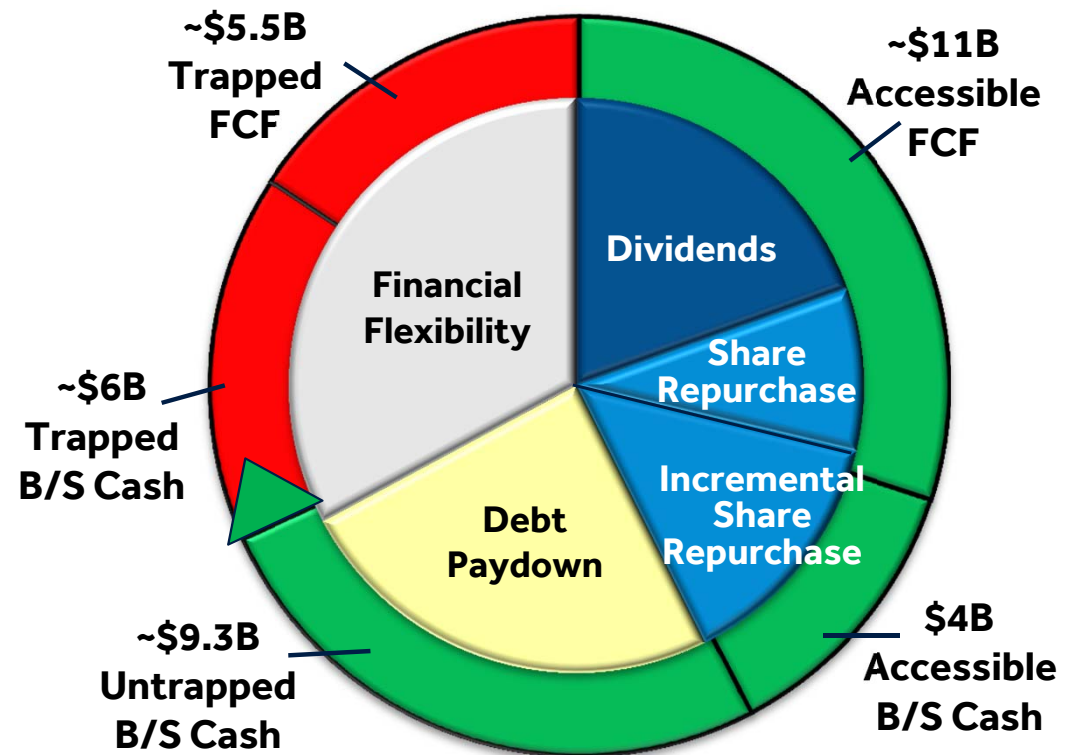
CAPITAL ALLOCATION: IMPROVED CASH ACCESSIBILITY

PRE-COVIDIEN¹



- Only ~35% of Free Cash Flow Accessible
- Issued Debt to Cover Additional Accessible Cash Needs
- Trapped Cash Accumulated
- Returned ~50% of Free Cash Flow to Shareholders

FY16E – FY18E



- ~65% of Free Cash Flow Accessible
- Untrapping Cash; Already \$9.3B in FY16
- Return Minimum of ~50% of Free Cash Flow to Shareholders; Target 40% Dividend Payout Ratio
- Target A Credit Profile
- Maintaining Healthy Financial Flexibility

Free cash flow (FCF) defined as Operating Cash Flow less Capital Expenditures
 Outer rings are sources of cash. Inner rings are uses of cash.
 1. FY12-FY15, not including impact of Covidien acquisition.

DETAILS OF \$9.3B CAPITAL DEPLOYMENT

INCREASED FLEXIBILITY IN CAPITAL ALLOCATION

1 SHARE REPURCHASES

- Incremental \$5 billion by the end of FY18
- In addition to MDT's current commitment to return a minimum of 50% of FCF each year
- Opportunistically utilize existing Board authorization
- Bias towards repurchasing shares earlier

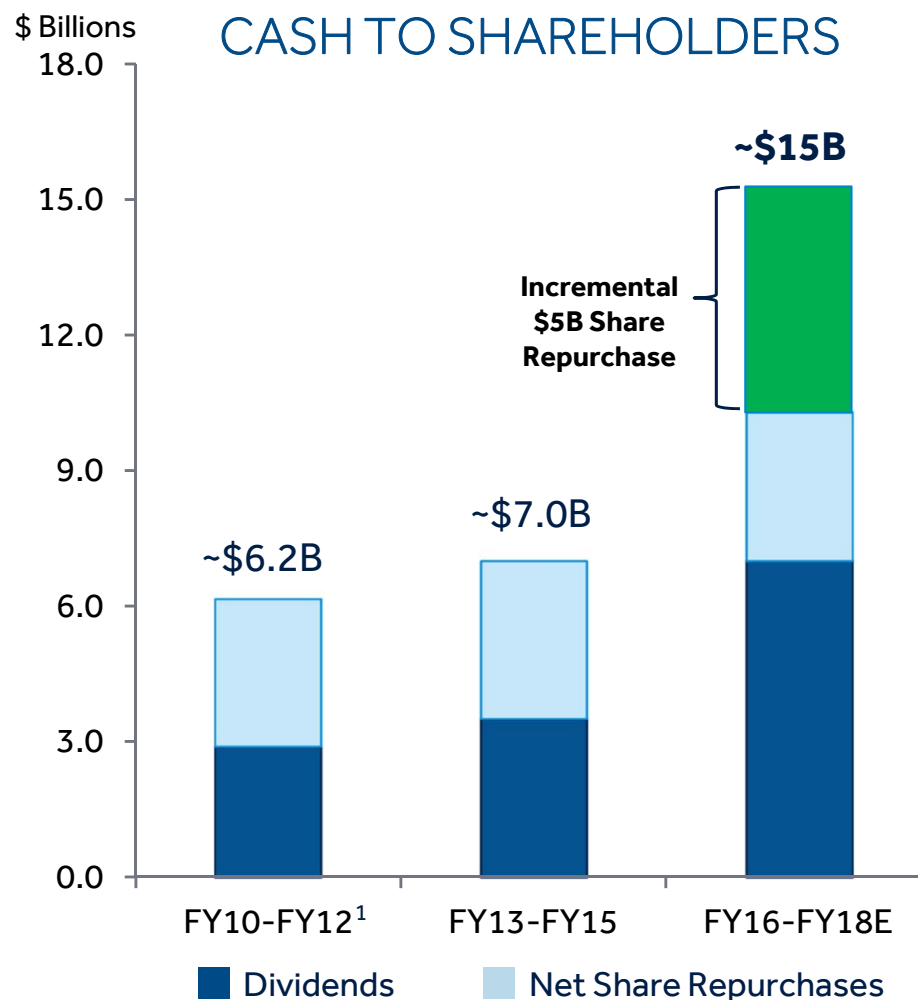
2 ADDITIONAL DELEVERAGING

- Repay existing debt or debt coming due
- Targeted commitments to debt investors by the end of FY18
- Continue to target A-credit rating profile

3 MAINTAIN FINANCIAL FLEXIBILITY

- Potential to accelerate payout ratio faster than previously communicated

STRONG RECORD OF RETURNING CASH TO SHAREHOLDERS

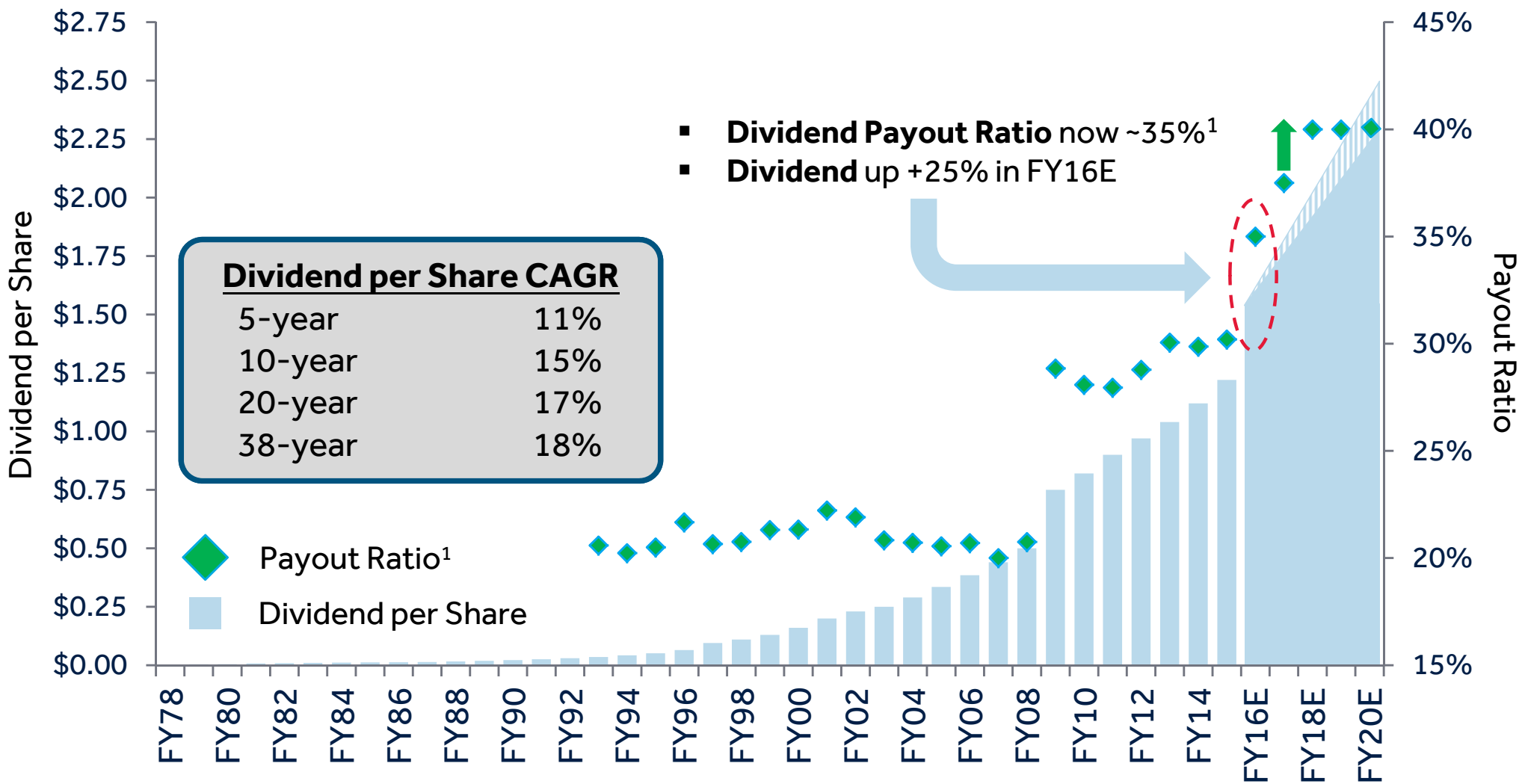


Commitment: Return A Minimum of 50% of Free Cash Flow to Shareholders

¹ FY12 includes \$213M of proceeds related to the sale of Physio-Control used for share repurchases.
Note: Free cash flow (FCF) defined as Operating Cash Flow less Capital Expenditures

STRONG, CONSISTENT TRACK RECORD OF DIVIDEND GROWTH

TARGETING 40% PAYOUT RATIO



Member of S&P 500 Dividend Aristocrats
 38 Years of Increasing Dividend per Share

¹ On a non-GAAP basis. Calculated as annual dividend per share divided by prior year non-GAAP earnings per share.

NON-GAAP RECONCILIATION TABLES

NON-GAAP RECONCILIATION TABLE

MEDTRONIC PLC					
RECONCILIATION OF PAYOUT RATIO TO NON-GAAP PAYOUT RATIO					
(Unaudited)					
(in millions)					
	As of the fiscal year ended April 29, 2011	As of the fiscal year ended April 27, 2012	As of the fiscal year ended April 26, 2013	As of the fiscal year ended April 25, 2014	As of the fiscal year ended April 24, 2015
Payout ratio	32%	34%	30%	33%	40%
Impact of non-GAAP adjustments ⁽¹⁾	-4%	-5%	0%	-3%	-10%
Non-GAAP payout ratio	28%	29%	30%	30%	30%

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.

(1) Non-GAAP adjustments relate to charges or gains that management believes may or may not recur with similar materiality or impact on results in future periods.

UNAUDITED CONDENSED COMBINED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED JULY 25, 2014

Q1 FY15: MEDTRONIC PLC COMBINED HISTORICAL STATEMENT OF EARNINGS

(in millions, except per share data)	Historical Medtronic ⁽¹⁾	Historical Covidien ⁽²⁾	Reclassification Adjustments	Footnote Reference ⁽⁴⁾	Adjustment to Align Fiscal Months ⁽⁵⁾	Financing Adjustments	Footnote Reference ⁽⁴⁾	Combined
Net sales	\$ 4,273	\$ 2,688	\$ —		\$ (17)	\$ —		\$ 6,944
Cost of products sold	1,105	1,104	(42)	B	(48)	—		2,044
			(20)	C	—	—		
			2	D	—	—		
			(44)	E	—	—		
			(13)	F	—	—		
Selling, general, and administrative expense	1,547	1,034	(16)	A	31	—		2,438
			(22)	B	—	—		
			4	C	—	—		
			(3)	D	—	—		
			44	E	—	—		
			(181)	G	—	—		
Research and development expense	365	137	1	D	(2)	—		501
Certain litigation charges, net	—	—	181	G	—	—		181
Restructuring charges, net	30	43	—		—	—		73
Interest expense, net	5	44	—		—	165	I	193
			—		—	(21)	J	
Amortization of intangible assets	87	—	64	B	—	—		151
Other expense (income), net	51	18	16	A	(8)	—		106
			16	C	—	—		
			13	F	—	—		
Earnings from continuing operations before income taxes	1,083	308	—		10	(144)		1,257
Provision for income taxes	212	2	—		2	(53)	K	163
Earnings from continuing operations	\$ 871	\$ 306	\$ —		\$ 8	\$ (91)		\$ 1,094
Earnings from continuing operations per share								
Basic	\$ 0.88	\$ 0.68						\$ 0.77
Diluted	\$ 0.87	\$ 0.67						\$ 0.76
Weighted average shares outstanding								
Basic	992.6	451						1,427.2 ⁽³⁾
Diluted	1,005.2	455						1,442.6 ⁽³⁾

(1) For the three months ended July 25, 2014

(2) For the three months ended June 27, 2014

(3) Combined weighted average shares outstanding have been calculated as if the shares to be issued in the transaction had been issued and outstanding as of April 26, 2014, the beginning of fiscal year 2015.

(4) See accompanying footnotes for additional information on reclassification adjustments.

(5) Represents increase (decrease) in Covidien results for the three months ended July 25, 2014 as compared to Covidien results for the three months ended June 27, 2014.

FOR THE THREE MONTHS ENDED JULY 25, 2014 (IN MILLIONS, EXCEPT PER SHARE DATA)

Q1 FY15: MEDTRONIC PLC NON-GAAP RECONCILIATION (UNAUDITED)

(in millions, except per share data)	Cost of products sold	Selling, general, and administrative expense	Other expense, net	Earnings from continuing operations before income taxes	Earnings from continuing operations	Diluted EPS
Combined	\$ 2,044	\$ 2,438	\$ 106	\$ 1,257	\$ 1,094	\$ 0.76
Medtronic reported non-GAAP adjustments						
Restructuring charges, net ^(a)	—	—	—	30	22	0.02
Acquisition-related items ^(b)	—	(41)	—	41	41	0.03
Covidien reported non-GAAP adjustments						
Restructuring charges, net ^(c)	(2)	—	—	45	35	0.02
Acquisition-related costs ^(d)	(12)	7	—	5	2	—
Legal charge ^(e)	—	—	—	181	134	0.09
Transaction costs ^(f)	—	(8)	—	8	8	0.01
Adjustment to gain on divestiture ^(g)	—	—	(4)	4	4	—
Impact of tax sharing agreement ^(h)	—	—	(18)	18	18	0.01
Tax matters ⁽ⁱ⁾	—	—	—	—	(33)	(0.02)
As adjusted	\$ 2,030	\$ 2,396	\$ 84	\$ 1,589	\$ 1,325	\$ 0.92
Combined amortization of intangible assets ^(j)				151	106	0.07
As adjusted, excluding combined amortization of intangible assets (Combined Cash EPS) ^(l)				\$ 1,740	\$ 1,431	\$ 0.99

(1) Combined Cash EPS is calculated as diluted EPS excluding Medtronic and Covidien reported non-GAAP adjustments and combined amortization of intangible assets.

(a) To exclude the impact of Medtronic's restructuring charges, net.

(b) To exclude the impact of Medtronic's acquisition-related items, primarily costs incurred in connection with the Covidien acquisition.

(c) To exclude the impact of Covidien's restructuring charges, net, including \$2 million of restructuring-related accelerated depreciation included in cost of products sold.

(d) To exclude Covidien acquisition-related costs, primarily \$12 million of charges recorded in cost of products sold related to the sale of acquired inventory that had been written up to fair value upon acquisition and an adjustment to contingent consideration.

(e) To exclude a legal charge resulting from an increase to Covidien's estimated indemnification obligation for certain pelvic mesh products liability cases.

(f) To exclude transaction costs incurred by Covidien resulting from Medtronic's acquisition of Covidien.

(g) To exclude an adjustment to the gain on the sale of Covidien's Confluent biosurgery product line.

(h) To exclude the non-interest portion of the impact of Covidien's tax sharing agreement with Tyco International plc and TE Connectivity Ltd.

(i) Primarily to exclude Covidien's favorable audit settlement reached with certain non-U.S. taxing authorities.

(j) To exclude combined 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.

UNAUDITED CONDENSED COMBINED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED OCTOBER 24, 2014

Q2 FY15: MEDTRONIC PLC COMBINED HISTORICAL STATEMENT OF EARNINGS

(in millions, except per share data)	Historical Medtronic ⁽¹⁾	Historical Covidien ⁽²⁾	Reclassification Adjustments	Footnote Reference ⁽⁴⁾	Adjustment to Align Fiscal Months ⁽⁵⁾	Financing Adjustments	Footnote Reference ⁽⁴⁾	Combined
Net sales	\$ 4,366	\$ 2,734	\$ —		\$ (3)	\$ —		\$ 7,097
Cost of products sold	1,142	1,072	(41)	B	(39)	—		2,100
			16	C	—	—		
			2	D	—	—		
			(39)	E	—	—		
			(13)	F	—	—		
Selling, general, and administrative expense	1,668	971	(16)	A	32	—		2,666
			(22)	B	—	—		
			(3)	C	—	—		
			(3)	D	—	—		
			39	E	—	—		
Research and development expense	374	149	1	D	(3)	—		521
Restructuring charges, net	—	29	—		—	—		29
Interest expense, net	8	46	—		—	165	I	198
			—		—	(21)	J	
Amortization of intangible assets	89	—	63	B	—	—		152
Other expense (income), net	63	66	16	A	8	—		153
			(13)	C	—	—		
			13	F	—	—		
Earnings from continuing operations before income taxes	1,022	401	—		(1)	(144)		1,278
Provision for income taxes	194	(116)	—		—	(53)	K	25
Earnings from continuing operations	\$ 828	\$ 517	\$ —		\$ (1)	\$ (91)		\$ 1,253
Earnings from continuing operations per share								
Basic	\$ 0.84	\$ 1.15						\$ 0.88
Diluted	\$ 0.83	\$ 1.13						\$ 0.87
Weighted average shares outstanding								
Basic	981.9	452						1,417.4 ⁽³⁾
Diluted	993.0	458						1,432.1 ⁽³⁾

(1) For the three months ended October 24, 2014

(2) For the three months ended September 26, 2014

(3) Combined weighted average shares outstanding have been calculated as if the shares to be issued in the transaction had been issued and outstanding as of April 26, 2014, the beginning of fiscal year 2015.

(4) See accompanying footnotes for additional information on reclassification adjustments.

(5) Represents increase (decrease) in Covidien results for the three months ended October 24, 2014 as compared to Covidien results for the three months ended September 26, 2014.

FOR THE THREE MONTHS ENDED OCTOBER 24, 2014 (IN MILLIONS, EXCEPT PER SHARE DATA)
Q2 FY15: MEDTRONIC PLC NON-GAAP RECONCILIATION (UNAUDITED)

(in millions, except per share data)	Selling, general, and administrative expense	Other expense, net	Earnings from continuing operations before income taxes	Earnings from continuing operations	Diluted EPS
Combined	\$ 2,666	\$ 153	\$ 1,278	\$ 1,253	\$ 0.87
Medtronic reported non-GAAP adjustments					
Special charges ^(a)	(100)	—	100	64	0.04
Acquisition-related items ^(b)	(61)	—	61	60	0.04
Covidien reported non-GAAP adjustments					
Restructuring charges, net ^(c)	—	—	29	21	0.01
Acquisition-related costs ^(d)	(8)	—	8	8	0.01
Impairment of in-process research and development ^(e)	(94)	—	94	71	0.05
Transaction costs ^(f)	(19)	—	19	15	0.01
Impact of tax sharing agreement ^(g)	—	(66)	66	66	0.05
Tax matters ^(h)	—	—	—	(170)	(0.12)
As adjusted	\$ 2,384	\$ 87	\$ 1,655	\$ 1,388	\$ 0.97 ⁽²⁾
Combined amortization of intangible assets ⁽ⁱ⁾			152	105	0.07
As adjusted, excluding combined amortization of intangible assets (Combined Cash EPS) ⁽¹⁾			\$ 1,807	\$ 1,493	\$ 1.04

(1) Combined Cash EPS is calculated as diluted EPS excluding Medtronic and Covidien reported non-GAAP adjustments and combined amortization of intangible assets.

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

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

(b) To exclude the impact of Medtronic's acquisition-related items, primarily costs incurred in connection with the Covidien acquisition.

(c) To exclude the impact of Covidien's restructuring charges, net.

(d) To exclude Covidien acquisition-related costs, primarily adjustments to contingent consideration.

(e) To exclude the impairment of in-process research and development related to Covidien's drug coated balloon platform, which was sold in connection with Medtronic's acquisition of Covidien.

(f) To exclude transaction costs incurred by Covidien resulting from Medtronic's acquisition of Covidien.

(g) To exclude the non-interest portion of the impact of Covidien's tax sharing agreement with Tyco International plc and TE Connectivity Ltd.

(h) Primarily to exclude the effective settlement of all Covidien tax matters relating to the 2005 through 2007 U.S. audit cycle.

(i) To exclude combined 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.

UNAUDITED CONDENSED COMBINED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED JANUARY 23, 2015

Q3 FY15: MEDTRONIC PLC COMBINED HISTORICAL STATEMENT OF EARNINGS

(in millions, except per share data)	Historical Medtronic ⁽¹⁾	Historical Covidien ⁽²⁾	Reclassification Adjustments	Footnote Reference ⁽⁴⁾	Adjustment to Align Fiscal Months ⁽⁵⁾	Financing Adjustments	Footnote Reference ⁽⁴⁾	Combined
Net sales	\$ 4,318	\$ 2,686	\$ —		\$ (108)	\$ —		\$ 6,896
Cost of products sold	1,128	1,042	(43)	B	(51)	—		2,022
			2	D	—	—		
			(43)	E	—	—		
			(13)	F	—	—		
Selling, general, and administrative expense	1,429	865	(16)	A	60	—		2,356
			(22)	B	—	—		
			(3)	D	—	—		
			43	E	—	—		
Research and development expense	373	133	1	D	7	—		514
Restructuring credits, net	—	(2)	—		—	—		(2)
Interest expense, net	81	45	—		—	88	I	193
			—		—	(21)	J	
Amortization of intangible assets	89	—	65	B	—	—		154
Other expense, net	24	20	16	A	(16)	—		57
			13	F	—	—		
Earnings from continuing operations before income taxes	1,194	583	—		(108)	(67)		1,602
Provision for income taxes	217	72	—		(18)	(26)	K	245
Earnings from continuing operations	\$ 977	\$ 511	\$ —		\$ (90)	\$ (41)		\$ 1,357
Earnings from continuing operations per share								
Basic	\$ 0.99	\$ 1.13						\$ 0.96
Diluted	\$ 0.98	\$ 1.12						\$ 0.94
Weighted average shares outstanding								
Basic	983.8	453						1,420.1 ⁽³⁾
Diluted	995.8	458						1,436.0 ⁽³⁾

(1) For the three months ended January 23, 2015

(2) For the three months ended December 26, 2014

(3) Combined weighted average shares outstanding have been calculated as if the shares issued in the transaction had been issued and outstanding as of April 26, 2014, the beginning of fiscal year 2015.

(4) See accompanying footnotes for additional information on reclassification adjustments.

(5) Represents increase (decrease) in Covidien results for the three months ended January 23, 2015 as compared to Covidien results for the three months ended December 26, 2014.

FOR THE THREE MONTHS ENDED JANUARY 23, 2015 (IN MILLIONS, EXCEPT PER SHARE DATA)
Q3 FY15: MEDTRONIC PLC NON-GAAP RECONCILIATION (UNAUDITED)

(in millions, except per share data)	Selling, general, and administrative expense	Other expense, net	Earnings from continuing operations before income taxes	Earnings from continuing operations	Diluted EPS ⁽²⁾
Combined	\$ 2,356	\$ 57	\$ 1,602	\$ 1,357	\$ 0.94
Medtronic reported non-GAAP adjustments					
Special (gains) charges ^(a)	138	—	(138)	(87)	(0.06)
Acquisition-related items ^(b)	(80)	—	80	66	0.05
Covidien reported non-GAAP adjustments					
Restructuring credits, net ^(c)	—	—	(2)	(2)	—
Transaction costs ^(d)	(18)	—	18	18	0.01
Impact of tax sharing agreement ^(e)	—	(12)	12	12	0.01
Tax matters ^(f)	—	—	—	(28)	(0.02)
As adjusted	\$ 2,396	\$ 45	\$ 1,572	\$ 1,336	\$ 0.93
Combined amortization of intangible assets ^(g)			154	107	0.07
As adjusted, excluding combined amortization of intangible assets (Combined Cash EPS) ⁽¹⁾			\$ 1,726	\$ 1,443	\$ 1.00

(1) Combined Cash EPS is calculated as diluted EPS excluding Medtronic and Covidien reported non-GAAP adjustments and combined amortization of intangible assets.

(2) Combined diluted EPS does not include an adjustment to exclude the incremental interest expense incurred to hold \$17 billion of debt from December 10, 2014 through the end of the third quarter of fiscal year 2015 of \$77 million.

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

(b) To exclude the impact of Medtronic's acquisition-related items, primarily costs incurred in connection with the Covidien acquisition.

(c) To exclude the impact of Covidien's restructuring credits, net.

(d) To exclude transaction costs incurred by Covidien resulting from Medtronic's acquisition of Covidien.

(e) To exclude the non-interest portion of the impact of Covidien's tax sharing agreement with Tyco International plc and TE Connectivity Ltd.

(f) To exclude \$20 million from the effective settlement of all Covidien tax matters related to a 2004 U.S. audit and \$8 million from the retroactive re-enactment of the U.S. research and development tax credit.

(g) To exclude combined 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.

UNAUDITED CONDENSED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED APRIL 24, 2015

Q4 FY15: MEDTRONIC PLC HISTORICAL STATEMENT OF EARNINGS

	Three months ended		Fiscal year ended	
	April 24, 2015	April 25, 2014	April 24, 2015	April 25, 2014
	(in millions, except per share data)			
Net sales	\$ 7,304	\$ 4,566	\$ 20,261	\$ 17,005
Costs and expenses:				
Cost of products sold	2,934	1,171	6,309	4,333
Research and development expense	528	385	1,640	1,477
Selling, general, and administrative expense	2,404	1,539	6,904	5,847
Special (gains) charges, net	—	—	(38)	40
Restructuring charges, net	207	75	237	78
Certain litigation charges, net	42	746	42	770
Acquisition-related items	368	13	550	117
Amortization of intangible assets	468	87	733	349
Other (income) expense, net	(20)	59	118	181
Operating profit	373	491	3,766	3,813
Interest income	(113)	(93)	(386)	(271)
Interest expense	299	103	666	379
Interest expense, net	186	10	280	108
Income from operations before income taxes	187	481	3,486	3,705
Provision for income taxes	188	33	811	640
Net (loss) income	\$ (1)	\$ 448	\$ 2,675	\$ 3,065
Basic earnings per share	\$ —	\$ 0.45	\$ 2.44	\$ 3.06
Diluted earnings per share	\$ —	\$ 0.44	\$ 2.41	\$ 3.02
Basic weighted average shares outstanding	1,422.3	1,000.0	1,095.5	1,002.1
Diluted weighted average shares outstanding	1,440.6	1,012.2	1,109.0	1,013.6
Cash dividends declared per common share	\$ 0.305	\$ 0.280	\$ 1.220	\$ 1.120

FOR THE THREE MONTHS ENDED APRIL 24, 2015 (IN MILLIONS, EXCEPT PER SHARE DATA)

Q4 FY15: MEDTRONIC PLC NON-GAAP RECONCILIATION (UNAUDITED)

Three months ended April 24, 2015								
	Net Sales	Cost of Products Sold	Gross Margin Percent	Operating Profit	Operating Profit Percent	Income from Operations Before Taxes	Net (Loss) Income	Diluted EPS
GAAP	\$ 7,304	\$ 2,934	59.8%	\$ 373	5.1%	\$ 187	\$ (1)	\$ —
Adjustments:								
Impact of inventory step-up (a)	—	(623)		623		623	455	0.32
Impact of product technology upgrade commitment (b)	—	(74)		74		74	61	0.04
Restructuring charges, net (c)	—	(15)		222		222	157	0.11
Certain litigation charges, net (d)	—	—		42		42	27	0.02
Acquisition-related items (e)	—	—		368		368	268	0.19
Amortization of intangible assets (f)	—	—		468		468	362	0.25
Certain tax adjustments (g)	—	—		—		—	349	0.24
Non-GAAP	<u>\$ 7,304</u>	<u>\$ 2,222</u>	<u>69.6%</u>	<u>\$ 2,170</u>	<u>29.7%</u>	<u>\$ 1,984</u>	<u>\$ 1,678</u>	<u>\$ 1.16</u> (1)

(a) To exclude the step-up in preliminary fair value of inventory acquired in connection with the Covidien acquisition.

(b) To exclude the probable and reasonably estimable commitment related to a CRHF global comprehensive program for home based monitors due to industry conversion from analog to digital technology.

(c) To exclude the impact of restructuring charges, net, including \$15 million of charges recorded in cost of products sold related to inventory write-offs of discontinued product lines and production-related asset impairments.

(d) To exclude the impact of certain litigation charges, net, primarily related to probable and reasonably estimable INFUSE product liability litigation and other matters litigation.

(e) To exclude the impact of acquisition-related items.

(f) To exclude amortization of intangible assets.

(g) To exclude tax expense primarily related to the anticipated resolution of the Kyphon acquisition-related issues with the IRS.

UNAUDITED CONDENSED COMBINED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED APRIL 24, 2015

FY15: MEDTRONIC PLC COMBINED HISTORICAL STATEMENT OF EARNINGS

(in millions, except per share data)	Combined ⁽¹⁾	Medtronic plc ⁽²⁾	Comparable
Net sales	\$ 20,937	\$ 7,304	\$ 28,241
Cost of products sold	6,166	2,934	9,100
Selling, general, and administrative expense	7,460	2,772	10,232
Research and development expense	1,536	528	2,064
Certain litigation charges, net	181	42	223
Restructuring charges, net	100	207	307
Interest expense, net	584	186	770
Amortization of intangible assets	457	468	925
Other expense (income), net	316	(20)	296
Earnings from continuing operations before income taxes	4,137	187	4,324
Provision for income taxes	433	188	621
Earnings (loss) from continuing operations	<u>\$ 3,704</u>	<u>\$ (1)</u>	<u>\$ 3,703</u>
Earnings from continuing operations per share			
Basic	\$ 2.60	\$ —	\$ 2.60
Diluted	\$ 2.58	\$ —	\$ 2.57
Weighted average shares outstanding			
Basic	1,422.9	1,422.3	1,422.3 ⁽³⁾
Diluted	1,438.2	1,440.6	1,438.4 ⁽³⁾

(1) Combined results for the nine months ended January 23, 2015

(2) Medtronic plc results for the three months ended April 24, 2015

(3) Combined weighted average shares outstanding have been calculated as if the shares issued in the transaction had been issued and outstanding as of April 26, 2014, the beginning of fiscal year 2015.

FOR THE FISCAL YEAR ENDED APRIL 24, 2015 (IN MILLIONS, EXCEPT PER SHARE DATA)

FY15: MEDTRONIC PLC COMBINED NON-GAAP RECONCILIATION (UNAUDITED)

(in millions, except per share data)	Cost of products sold	Selling, general, and administrative expense	Other expense, net	Combined earnings from continuing operations before income taxes	Combined earnings from continuing operations	Diluted EPS ⁽⁴⁾
Combined	\$ 9,100	\$ 10,232	\$ 296	\$ 4,324	\$ 3,703	\$ 2.57
Medtronic reported non-GAAP adjustments ⁽¹⁾						
Impact of inventory step-up	(623)	—	—	623	455	0.32
Impact of product technology upgrade commitment	(74)	—	—	74	61	0.04
Special (gains) charges	—	38	—	(38)	(23)	(0.02)
Restructuring charges, net	(15)	—	—	252	180	0.13
Certain litigation charges, net	—	—	—	42	27	0.02
Acquisition-related items	—	(550)	—	550	433	0.30
Certain tax adjustments	—	—	—	—	349	0.24
Covidien reported non-GAAP adjustments ⁽²⁾						
Restructuring charges, net	(2)	—	—	72	54	0.04
Acquisition-related costs	(12)	(1)	—	13	10	0.01
Legal charge	—	—	—	181	134	0.09
Impairment of in-process research and development	—	(94)	—	94	71	0.05
Transaction costs	—	(45)	—	45	41	0.03
Adjustment to gain on divestiture	—	—	(4)	4	4	—
Impact of tax sharing agreement	—	—	(96)	96	96	0.07
Tax matters	—	—	—	—	(231)	(0.16)
As adjusted	\$ 8,374	\$ 9,580	\$ 196	\$ 6,332	\$ 5,364	\$ 3.73
Combined amortization of intangible assets ^(a)				925	680	0.47
As adjusted, excluding combined amortization of intangible assets (Combined Cash EPS) ⁽³⁾				\$ 7,257	\$ 6,044	\$ 4.20

(1) For the fiscal year ended April 24, 2015

(2) For the nine months ended December 26, 2014

(3) Combined Cash EPS is calculated as diluted EPS excluding Medtronic and Covidien reported non-GAAP adjustments and combined amortization of intangible assets.

(4) Combined diluted EPS does not include an adjustment to exclude the incremental interest expense incurred to hold \$17 billion of debt from December 10, 2014 through the end of the third quarter of fiscal year 2015 of \$77 million.

(a) To exclude combined amortization of intangible assets.

For details on Medtronic and Covidien reported non-GAAP adjustments for the fiscal year ended April 24, 2015, see Non-GAAP Reconciliations for the three months ended April 24, 2015, January 23, 2015, October 24, 2014, and July 25, 2014.

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.

FOOTNOTES

Footnotes to the Unaudited Condensed Combined Statements of Earnings

Certain reclassifications have been made to Covidien's historical financial statements to conform to Medtronic's presentation, as follows:

- A. To reclassify Covidien's medical device excise tax from selling, general, and administrative expense to other expense (income), net.
- B. To reclassify Covidien's amortization of definite-lived intangible assets from cost of products sold and selling, general, and administrative expense to amortization of intangible assets.
- C. To reclassify Covidien's net gains and losses on foreign exchange transactions and related gains and losses on associated hedge transactions from cost of products sold and selling, general, and administrative expense to other expense (income), net.
- D. To reclassify certain of Covidien's stock-based compensation expense from selling, general, and administrative expense to cost of products sold and research and development expense.
- E. To reclassify certain of Covidien's shipping and handling costs from cost of products sold to selling, general, and administrative expense.
- F. To reclassify Covidien's royalty expense from cost of products sold to other expense (income), net.
- G. To reclassify Covidien's litigation and environmental charges from selling, general, and administrative expense to certain litigation charges, net. The litigation charge resulted from an increase to Covidien's estimated indemnification obligation for certain pelvic mesh product liability cases. The environmental charge related to probable and reasonably estimated incremental costs to remediate a site in Orrington, Maine following a court decision affirming a compliance order issued by the Maine Board of Environmental Protection.
- H. To reclassify Covidien's gain on a previously-held investment associated with Covidien's acquisition of CV Ingenuity from other expense (income), net to acquisition-related items, which is included in selling, general, and administrative expense in these Condensed Combined Statements of Earnings.
- I. To record pro forma incremental interest expense, net (including incremental interest expense and incremental debt issuance amortization expense from debt financing obtained by Medtronic, Inc.). Prior to the Transaction closing, Medtronic, Inc. obtained \$17 billion of debt financing across a range of maturities and a weighted average contractual interest rate of 3.60 percent.
- J. To recognize accretion of the pro forma debt premium from Medtronic's assumption of Covidien's existing long-term debt. The premium to adjust assumed Covidien debt to fair market value is amortized over the remaining maturity of the debt as a credit to pro forma interest expense, net.
- K. The statutory tax rate was applied, as appropriate, to Footnotes I and J based on the jurisdiction in which the adjustment was expected to occur. Although not reflected, the effective tax rate of the combined company could be significantly different depending on post-acquisition activities, such as the geographical mix of taxable income affecting state and foreign taxes, among other factors.