

**MEDTRONIC, INC.**  
**WORLD WIDE REVENUE**  
(Unaudited)

(\$ millions)

	FY12 QTR 1	FY12 QTR 2	FY12 QTR 3	FY12 QTR 4	FY12 Total	FY13 QTR 1	FY13 QTR 2	FY13 QTR 3	FY13 QTR 4	FY13 Total
<b>REPORTED REVENUE :</b>										
<b>CARDIAC RHYTHM DISEASE MANAGEMENT</b>	\$1,253	\$1,268	\$1,192	\$1,295	\$ 5,007	\$1,193	\$ -	\$ -	\$ -	\$1,193
Defibrillation Systems	697	708	674	744	2,822	675	-	-	-	675
Pacing Systems	508	511	467	492	1,978	463	-	-	-	463
AF & Other	48	49	51	59	207	55	-	-	-	55
<b>CORONARY</b>	\$ 389	\$ 376	\$ 382	\$ 450	\$ 1,598	\$ 433	\$ -	\$ -	\$ -	\$ 433
<b>STRUCTURAL HEART</b>	\$ 275	\$ 266	\$ 265	\$ 289	\$ 1,094	\$ 280	\$ -	\$ -	\$ -	\$ 280
<b>ENDOVASCULAR</b>	\$ 186	\$ 188	\$ 190	\$ 219	\$ 783	\$ 209	\$ -	\$ -	\$ -	\$ 209
<b>CARDIAC &amp; VASCULAR GROUP</b>	\$2,103	\$2,098	\$2,029	\$2,253	\$ 8,482	\$2,115	\$ -	\$ -	\$ -	\$2,115
<b>SPINE</b>	\$ 825	\$ 839	\$ 784	\$ 818	\$ 3,267	\$ 786	\$ -	\$ -	\$ -	\$ 786
Core Spine	651	675	640	677	2,643	645	-	-	-	645
BMP	174	164	144	141	624	141	-	-	-	141
<b>NEUROMODULATION</b>	\$ 397	\$ 421	\$ 419	\$ 463	\$ 1,700	\$ 419	\$ -	\$ -	\$ -	\$ 419
<b>DIABETES</b>	\$ 355	\$ 367	\$ 367	\$ 392	\$ 1,481	\$ 364	\$ -	\$ -	\$ -	\$ 364
<b>SURGICAL TECHNOLOGIES</b>	\$ 266	\$ 298	\$ 319	\$ 371	\$ 1,254	\$ 324	\$ -	\$ -	\$ -	\$ 324
<b>RESTORATIVE THERAPIES GROUP</b>	\$1,843	\$1,925	\$1,889	\$2,044	\$ 7,702	\$1,893	\$ -	\$ -	\$ -	\$1,893
<b>TOTAL CONTINUING OPERATIONS</b>	\$3,946	\$4,023	\$3,918	\$4,297	\$16,184	\$4,008	\$ -	\$ -	\$ -	\$4,008
<b>ADJUSTMENTS :</b>										
<b>CURRENCY IMPACT (1)</b>						\$(119)				\$(119)
<b>COMPARABLE OPERATIONS (1)</b>	\$3,946	\$4,023	\$3,918	\$4,297	\$16,184	\$4,127	\$ -	\$ -	\$ -	\$4,127

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(1) Medtronic management believes that in order to properly understand Medtronic's short-term and long-term financial trends, investors may wish to consider the impact of foreign currency translation on revenue. In addition, Medtronic management uses results of operations before currency translation to evaluate the operational performance of the Company and as a basis for strategic planning. Investors should consider these non-GAAP measures in addition to, and not as a substitute for, financial performance measures prepared in accordance with GAAP.

Note: The data in this schedule has been intentionally rounded to the nearest million and therefore the quarterly revenue may not sum to the fiscal year to date revenue. In addition, fiscal year 2012 Other Biologics revenue, which was previously included within Biologics, has been reclassified to Core Spine.

**MEDTRONIC, INC.**  
**U.S. REVENUE**  
(Unaudited)

(\$ millions)

	FY12	FY12	FY12	FY12	FY12	FY13	FY13	FY13	FY13	FY13
	QTR 1	QTR 2	QTR 3	QTR 4	Total	QTR 1	QTR 2	QTR 3	QTR 4	Total
<b>REPORTED REVENUE :</b>										
<b>CARDIAC RHYTHM DISEASE MANAGEMENT</b>	\$ 649	\$ 667	\$ 619	\$ 650	\$2,584	\$ 623	\$ -	\$ -	\$ -	\$ 623
Defibrillation Systems	411	423	396	417	1,647	399	-	-	-	399
Pacing Systems	217	220	197	205	838	196	-	-	-	196
AF & Other	21	24	26	28	99	28	-	-	-	28
<b>CORONARY</b>	\$ 90	\$ 85	\$ 82	\$ 125	\$ 383	\$ 144	\$ -	\$ -	\$ -	\$ 144
<b>STRUCTURAL HEART</b>	\$ 100	\$ 98	\$ 97	\$ 103	\$ 398	\$ 102	\$ -	\$ -	\$ -	\$ 102
<b>ENDOVASCULAR</b>	\$ 76	\$ 81	\$ 79	\$ 87	\$ 322	\$ 81	\$ -	\$ -	\$ -	\$ 81
<b>CARDIAC &amp; VASCULAR GROUP</b>	\$ 915	\$ 931	\$ 877	\$ 965	\$3,687	\$ 950	\$ -	\$ -	\$ -	\$ 950
<b>SPINE</b>	\$ 589	\$ 599	\$ 555	\$ 557	\$2,300	\$ 558	\$ -	\$ -	\$ -	\$ 558
Core Spine	429	450	426	431	1,736	430	-	-	-	430
BMP	160	149	129	126	564	128	-	-	-	128
<b>NEUROMODULATION</b>	\$ 272	\$ 295	\$ 287	\$ 315	\$1,170	\$ 295	\$ -	\$ -	\$ -	\$ 295
<b>DIABETES</b>	\$ 214	\$ 228	\$ 226	\$ 238	\$ 906	\$ 215	\$ -	\$ -	\$ -	\$ 215
<b>SURGICAL TECHNOLOGIES</b>	\$ 156	\$ 184	\$ 200	\$ 224	\$ 765	\$ 209	\$ -	\$ -	\$ -	\$ 209
<b>RESTORATIVE THERAPIES GROUP</b>	\$1,231	\$1,306	\$1,268	\$1,334	\$5,141	\$1,277	\$ -	\$ -	\$ -	\$1,277
<b>TOTAL CONTINUING OPERATIONS</b>	\$2,146	\$2,237	\$2,145	\$2,299	\$8,828	\$2,227	\$ -	\$ -	\$ -	\$2,227
<b>ADJUSTMENTS :</b>										
<b>CURRENCY IMPACT</b>						\$ -	\$ -	\$ -	\$ -	\$ -
<b>COMPARABLE OPERATIONS</b>	\$2,146	\$2,237	\$2,145	\$2,299	\$8,828	\$2,227	\$ -	\$ -	\$ -	\$2,227

Note: The data in this schedule has been intentionally rounded to the nearest million and therefore the quarterly revenue may not sum to the fiscal year to date revenue. In addition, fiscal year 2012 Other Biologics revenue, which was previously included within Biologics, has been reclassified to Core Spine.

**MEDTRONIC, INC.**  
**INTERNATIONAL REVENUE**  
(Unaudited)

(\$ millions)

	FY12	FY12	FY12	FY12	FY12	FY13	FY13	FY13	FY13	FY13
	QTR 1	QTR 2	QTR 3	QTR 4	Total	QTR 1	QTR 2	QTR 3	QTR 4	Total
<b>REPORTED REVENUE :</b>										
<b>CARDIAC RHYTHM DISEASE MANAGEMENT</b>	\$ 604	\$ 601	\$ 573	\$ 645	\$2,423	\$ 570	\$ -	\$ -	\$ -	\$ 570
Defibrillation Systems	286	285	278	327	1,175	276	-	-	-	276
Pacing Systems	291	291	270	287	1,140	267	-	-	-	267
AF & Other	27	25	25	31	108	27	-	-	-	27
<b>CORONARY</b>	\$ 299	\$ 291	\$ 300	\$ 325	\$1,215	\$ 289	\$ -	\$ -	\$ -	\$ 289
<b>STRUCTURAL HEART</b>	\$ 175	\$ 168	\$ 168	\$ 186	\$ 696	\$ 178	\$ -	\$ -	\$ -	\$ 178
<b>ENDOVASCULAR</b>	\$ 110	\$ 107	\$ 111	\$ 132	\$ 461	\$ 128	\$ -	\$ -	\$ -	\$ 128
<b>CARDIAC &amp; VASCULAR GROUP</b>	\$1,188	\$1,167	\$1,152	\$1,288	\$4,795	\$1,165	\$ -	\$ -	\$ -	\$1,165
<b>SPINE</b>	\$ 236	\$ 240	\$ 229	\$ 261	\$ 967	\$ 228	\$ -	\$ -	\$ -	\$ 228
Core Spine	222	225	214	246	907	215	-	-	-	215
BMP	14	15	15	15	60	13	-	-	-	13
<b>NEUROMODULATION</b>	\$ 125	\$ 126	\$ 132	\$ 148	\$ 530	\$ 124	\$ -	\$ -	\$ -	\$ 124
<b>DIABETES</b>	\$ 141	\$ 139	\$ 141	\$ 154	\$ 575	\$ 149	\$ -	\$ -	\$ -	\$ 149
<b>SURGICAL TECHNOLOGIES</b>	\$ 110	\$ 114	\$ 119	\$ 147	\$ 489	\$ 115	\$ -	\$ -	\$ -	\$ 115
<b>RESTORATIVE THERAPIES GROUP</b>	\$ 612	\$ 619	\$ 621	\$ 710	\$2,561	\$ 616	\$ -	\$ -	\$ -	\$ 616
<b>TOTAL CONTINUING OPERATIONS</b>	\$1,800	\$1,786	\$1,773	\$1,998	\$7,356	\$1,781	\$ -	\$ -	\$ -	\$1,781
<b>ADJUSTMENTS :</b>										
<b>CURRENCY IMPACT (1)</b>						\$(119)	\$ -	\$ -	\$ -	\$(119)
<b>COMPARABLE OPERATIONS (1)</b>	\$1,800	\$1,786	\$1,773	\$1,998	\$7,356	\$1,900	\$ -	\$ -	\$ -	\$1,900

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Note: The data in this schedule has been intentionally rounded to the nearest million and therefore the quarterly revenue may not sum to the fiscal year to date revenue. In addition, fiscal year 2012 Other Biologics revenue, which was previously included within Biologics, has been reclassified to Core Spine.

MEDTRONIC, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)

	Three months ended	
	July 27, 2012	July 29, 2011
(in millions, except per share data)		
<b>Net sales</b>	\$ 4,008	\$ 3,946
<b>Costs and expenses:</b>		
Cost of products sold	973	951
Research and development expense	385	362
Selling, general, and administrative expense	1,405	1,380
Acquisition-related items	5	8
Amortization of intangible assets	80	86
Other expense, net	39	109
Interest expense, net	33	32
<b>Total costs and expenses</b>	<u>2,920</u>	<u>2,928</u>
<b>Earnings from continuing operations before income taxes</b>	1,088	1,018
<b>Provision for income taxes</b>	<u>224</u>	<u>199</u>
<b>Earnings from continuing operations</b>	864	819
<b>Discontinued operations, net of tax:</b>		
Earnings from operations of Physio-Control	-	5
Physio-Control divestiture-related costs	-	(3)
<b>Earnings from discontinued operations</b>	<u>-</u>	<u>2</u>
<b>Net earnings</b>	<u>\$ 864</u>	<u>\$ 821</u>
<b>Basic earnings per share</b>		
Earnings from continuing operations	<u>\$ 0.84</u>	<u>\$ 0.77</u>
Net earnings	<u>\$ 0.84</u>	<u>\$ 0.77</u>
<b>Diluted earnings per share</b>		
Earnings from continuing operations	<u>\$ 0.83</u>	<u>\$ 0.77</u>
Net earnings	<u>\$ 0.83</u>	<u>\$ 0.77</u>
<b>Basic weighted average shares outstanding</b>	1,029.8	1,063.5
<b>Diluted weighted average shares outstanding</b>	1,037.1	1,069.6
<b>Cash dividends declared per common share</b>	\$ 0.2600	\$ 0.2425

MEDTRONIC, INC.  
RECONCILIATION OF CONSOLIDATED GAAP NET EARNINGS  
TO CONSOLIDATED NON-GAAP NET EARNINGS

(Unaudited)

(in millions, except per share data)

	<u>Three months ended</u>		<u>Percentage Change</u>
	<u>July 27, 2012</u>	<u>July 29, 2011</u>	
Net earnings, as reported	\$ 864	\$ 821	5%
Acquisition-related items	5 (a)	8 (c)	
Physio-Control divestiture-related costs	-	3 (d)	
Impact of authoritative convertible debt guidance on interest expense, net	14 (b)	13 (b)	
Non-GAAP net earnings	<u>\$ 883</u>	<u>\$ 845 (e)</u>	4%

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

(Unaudited)

	<u>Three months ended</u>		<u>Percentage Change</u>
	<u>July 27, 2012</u>	<u>July 29, 2011</u>	
Diluted EPS, as reported	\$ 0.83	\$ 0.77	8%
Acquisition-related items	- (a)	0.01 (c)	
Physio-Control divestiture-related costs	-	- (d)	
Impact of authoritative convertible debt guidance on interest expense, net	0.01 (b)	0.01 (b)	
Non-GAAP diluted EPS	<u>\$ 0.85 (1)</u>	<u>\$ 0.79 (e)</u>	8%

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

(a) The \$5 million (less than \$0.01 per share) after-tax (\$5 million pre-tax) acquisition-related items include charges related to the change in fair value of contingent milestone payments associated with acquisitions subsequent to April 29, 2009. In addition to disclosing acquisition-related items that are determined in accordance with U.S. generally accepted accounting principles (U.S. GAAP), 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 these acquisition-related items. 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. Medtronic management eliminates these acquisition-related items when evaluating the operating performance of the Company. Investors should consider this non-GAAP measure in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial measure may not be the same or similar to measures presented by other companies.

(b) The Financial Accounting Standards Board (FASB) authoritative guidance for convertible debt accounting has resulted in an after-tax impact to net earnings of \$14 million (\$0.01 per share) and \$13 million (\$0.01 per share) for the three months ended July 27, 2012 and July 29, 2011, respectively. The pre-tax impact to interest expense, net was \$23 million and \$21 million for the three months ended July 27, 2012 and July 29, 2011, respectively. In addition to disclosing the financial statement impact of this authoritative guidance that is determined in accordance with U.S. GAAP, 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 the impact of this authoritative guidance. 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. Medtronic management eliminates the impact of this authoritative guidance when evaluating the operating



performance of the Company. Investors should consider this non-GAAP measure in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial measure may not be the same or similar to measures presented by other companies.

(c) The \$8 million (\$0.01 per share) after-tax (\$8 million pre-tax) acquisition-related items include charges related to the change in fair value of contingent milestone payments associated with acquisitions subsequent to April 29, 2009. In addition to disclosing acquisition-related items that are determined in accordance with U.S. GAAP, 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 these acquisition-related items. 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. Medtronic management eliminates these acquisition-related items when evaluating the operating performance of the Company. Investors should consider this non-GAAP measure in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial measure may not be the same or similar to measures presented by other companies.

(d) The \$3 million (less than \$0.01 per share) after-tax (\$5 million pre-tax expense) Physio-Control divestiture-related costs include transaction costs related to the divestiture of the Physio-Control business that occurred in the fourth quarter of fiscal year 2012. In addition to disclosing Physio-Control divestiture-related costs that are determined in accordance with U.S. GAAP, 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 Physio-Control divestiture-related costs. 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. Medtronic management eliminates Physio-Control divestiture-related costs when evaluating the operating performance of the Company. Investors should consider this non-GAAP measure in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial measure may not be the same or similar to measures presented by other companies.

(e) Included in our non-GAAP net earnings is \$5 million (less than \$0.01 per share) after-tax (\$8 million pre-tax) income from the operations of the Physio-Control business for the three months ended July 29, 2011, which are included in earnings from discontinued operations on our condensed consolidated statements of earnings. The Company has included this income in its non-GAAP net earnings as the disposition did not occur until the fourth quarter of fiscal year 2012 and thus the income was earned through the operations of the Company. 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 net impact of including the operating income of the Physio-Control business. 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. Investors should consider this non-GAAP measure in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial measure may not be the same or similar to measures presented by other companies.

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

	Three months ended		Reported Growth	Currency Impact on Growth (a)		Constant Currency Growth (a)
	July 27, 2012	July 29, 2011		Dollar	Percentage	
<b>Reported Revenue:</b>						
Defibrillation Systems	\$ 675	\$ 697	(3)%	\$ (22)	(3)%	- %
Pacing Systems	463	508	(9)	(16)	(3)	(6)
AF & Other	55	48	15	(2)	(4)	19
Cardiac Rhythm Disease Management	1,193	1,253	(5)	(40)	(3)	(2)
Coronary	433	389	11	(18)	(5)	16
Structural Heart	280	275	2	(13)	(5)	7
Endovascular	209	186	12	(9)	(5)	17
Cardiac & Vascular Group	2,115	2,103	1	(80)	(3)	4
Core Spine	645	651	(1)	(12)	(2)	1
BMP	141	174	(19)	-	-	(19)
Spine	786	825	(5)	(12)	(2)	(3)
Neuromodulation	419	397	6	(9)	(2)	8
Diabetes	364	355	3	(12)	(3)	6
Surgical Technologies	324	266	22	(6)	(2)	24
Restorative Therapies Group	1,893	1,843	3	(39)	(2)	5
<b>Total</b>	<b>\$ 4,008</b>	<b>\$ 3,946</b>	<b>2 %</b>	<b>\$ (119)</b>	<b>(3)%</b>	<b>5 %</b>

(a) Medtronic management believes that in order to properly understand Medtronic's short-term and long-term financial trends, investors may wish to consider the impact of foreign currency translation on revenue. In addition, Medtronic management uses results of operations before currency translation to evaluate the operational performance of the Company and as a basis for strategic planning. 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.

Note: Fiscal year 2012 Other Biologics revenue, which was previously included within Biologics, has been reclassified to Core Spine.

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

	<u>Three months ended</u>		<u>Reported Growth</u>	<u>Currency Impact on Growth (a)</u>		<u>Constant Currency Growth (a)</u>
	<u>July 27, 2012</u>	<u>July 29, 2011</u>		<u>Dollar</u>	<u>Percentage</u>	
<b>Reported Revenue:</b>						
Defibrillation Systems	\$ 276	\$ 286	(3)%	\$ (22)	(7)%	4 %
Pacing Systems	267	291	(8)	(16)	(5)	(3)
AF & Other	27	27	-	(2)	(7)	7
Cardiac Rhythm Disease Management	570	604	(6)	(40)	(7)	1
Coronary	289	299	(3)	(18)	(6)	3
Structural Heart	178	175	2	(13)	(7)	9
Endovascular	128	110	16	(9)	(9)	25
Cardiac & Vascular Group	1,165	1,188	(2)	(80)	(7)	5
Core Spine	215	222	(3)	(12)	(5)	2
BMP	13	14	(7)	-	-	(7)
Spine	228	236	(3)	(12)	(5)	2
Neuromodulation	124	125	(1)	(9)	(7)	6
Diabetes	149	141	6	(12)	(8)	14
Surgical Technologies	115	110	5	(6)	(5)	10
Restorative Therapies Group	616	612	1	(39)	(6)	7
<b>Total</b>	<b>\$ 1,781</b>	<b>\$ 1,800</b>	<b>(1)%</b>	<b>\$ (119)</b>	<b>(7)%</b>	<b>6 %</b>

(a) Medtronic management believes that in order to properly understand Medtronic's short-term and long-term financial trends, investors may wish to consider the impact of foreign currency translation on revenue. In addition, Medtronic management uses results of operations before currency translation to evaluate the operational performance of the Company and as a basis for strategic planning. 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.

Note: Fiscal year 2012 Other Biologics revenue, which was previously included within Biologics, has been reclassified to Core Spine.

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

	<b>Three months ended</b>
	<b>July 27, 2012</b>
Net cash provided by operating activities	\$ 1,277
Additions to property, plant, and equipment	(103)
Free cash flow (a)	<u>\$ 1,174</u>

(a) Medtronic management believes that in order to properly understand Medtronic's short-term and long-term financial trends, investors may wish to consider free cash flow. In addition, Medtronic management uses free cash flow to evaluate operational performance of the Company and as a basis for strategic planning. 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 calculates free cash flow by subtracting additions to property, plant, and equipment from operating cash flows.

MEDTRONIC, INC.

RECONCILIATION OF EMERGING MARKET REVENUE GROWTH TO CONSTANT CURRENCY GROWTH

(Unaudited)

(in millions)

	<u>Three months ended</u>		<u>Reported</u> <u>Growth</u>	<u>Currency Impact</u> <u>on Growth (a)</u>		<u>Constant</u> <u>Currency</u> <u>Growth (a)</u>
	<u>July 27,</u> <u>2012</u>	<u>July 29,</u> <u>2011</u>		<u>Dollar</u>	<u>Percentage</u>	
Emerging Market Revenue (b)	\$ 438	\$ 401	9 %	\$ (19)	(5)%	14 %

(a) Medtronic management believes that in order to properly understand Medtronic's short-term and long-term financial trends, investors may wish to consider the impact of foreign currency translation on revenue. In addition, Medtronic management uses results of operations before currency translation to evaluate the operational performance of the Company and as a basis for strategic planning. 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.

(b) 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 SURGICAL TECHNOLOGIES REVENUE GROWTH TO CONSTANT CURRENCY  
REVENUE GROWTH ADJUSTED FOR REVENUE FROM ADVANCED ENERGY BUSINESS

(Unaudited)  
(in millions)

	<u>Three months ended</u> <u>July 27, 2012</u>	<u>Three months ended</u> <u>July 29, 2011</u>	<u>Percentage</u> <u>Change</u>
Surgical Technologies revenue, as reported	\$ 324	\$ 266	22%
Advanced Energy business revenue	(34)	-	
Surgical Technologies revenue, adjusted for Advanced Energy	290 (a)	266	9%
Foreign currency impact	6	-	
Surgical Technologies revenue, adjusted for Advanced Energy and foreign currency	<u>\$ 296 (a)</u>	<u>\$ 266</u>	11%

(a) Medtronic management believes that in order to properly understand Medtronic's short-term and long-term financial trends, investors may wish to consider the impact of foreign currency translation and the Advanced Energy business (comprised of the August 2011 acquisitions of PEAK Surgical, Inc. and Salient Surgical Technologies, Inc.) on Surgical Technologies' revenue growth. In addition, Medtronic management uses Surgical Technologies revenue adjusted for foreign currency translation and the Advanced Energy business to evaluate operational performance of the Company. 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.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	<u>July 27,</u> <u>2012</u>	<u>April 27,</u> <u>2012</u>
(in millions, except per share data)		
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 861	\$ 1,248
Short-term investments	1,630	1,344
Accounts receivable, less allowance of \$100 in both periods	3,448	3,808
Inventories	1,854	1,800
Deferred tax assets, net	637	640
Prepaid expenses and other current assets	753	675
<b>Total current assets</b>	<b>9,183</b>	<b>9,515</b>
Property, plant, and equipment	5,859	5,796
Accumulated depreciation	(3,408)	(3,323)
<b>Property, plant, and equipment, net</b>	<b>2,451</b>	<b>2,473</b>
<b>Goodwill</b>	<b>9,933</b>	<b>9,934</b>
<b>Other intangible assets, net</b>	<b>2,559</b>	<b>2,647</b>
<b>Long-term investments</b>	<b>8,259</b>	<b>7,705</b>
<b>Long-term deferred tax assets, net</b>	<b>509</b>	<b>504</b>
<b>Other assets</b>	<b>358</b>	<b>305</b>
<b>Total assets</b>	<b>\$ 33,252</b>	<b>\$ 33,083</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 3,391	\$ 3,274
Accounts payable	521	565
Accrued compensation	647	912
Accrued income taxes	167	65
Deferred tax liabilities, net	70	33
Other accrued expenses	1,015	1,008
<b>Total current liabilities</b>	<b>5,811</b>	<b>5,857</b>
<b>Long-term debt</b>	<b>7,386</b>	<b>7,359</b>
<b>Long-term accrued compensation and retirement benefits</b>	<b>766</b>	<b>759</b>
<b>Long-term accrued income taxes</b>	<b>1,031</b>	<b>1,005</b>
<b>Long-term deferred tax liabilities, net</b>	<b>582</b>	<b>611</b>
<b>Other long-term liabilities</b>	<b>421</b>	<b>379</b>
<b>Total liabilities</b>	<b>15,997</b>	<b>15,970</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity:</b>		
Preferred stock— par value \$1.00	-	-
Common stock— par value \$0.10	103	104
Retained earnings	17,667	17,482
Accumulated other comprehensive loss	(515)	(473)

**Total shareholders' equity**

17,255

17,113

**Total liabilities and shareholders' equity**

\$ 33,252

\$ 33,083



MEDTRONIC, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Three months ended	
	July 27, 2012	July 29, 2011
	(in millions)	
<b>Operating Activities:</b>		
Net earnings	\$ 864	\$ 821
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	197	211
Amortization of discount on senior convertible notes	23	21
Acquisition-related items	5	8
Provision for doubtful accounts	14	7
Deferred income taxes	(16)	11
Stock-based compensation	36	41
Change in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	214	67
Inventories	(61)	(94)
Accounts payable and accrued liabilities	(122)	(361)
Other operating assets and liabilities	129	383
Certain litigation payments	(6)	-
<b>Net cash provided by operating activities</b>	<b>1,277</b>	<b>1,115</b>
<b>Investing Activities:</b>		
Acquisitions, net of cash acquired	(23)	(7)
Additions to property, plant, and equipment	(103)	(130)
Purchases of marketable securities	(2,242)	(2,023)
Sales and maturities of marketable securities	1,418	1,602
Other investing activities, net	5	(39)
<b>Net cash used in investing activities</b>	<b>(945)</b>	<b>(597)</b>
<b>Financing Activities:</b>		
Acquisition-related contingent consideration	(15)	-
Change in short-term borrowings, net	91	128
Payments on long-term debt	(6)	-
Dividends to shareholders	(267)	(257)
Issuance of common stock	24	32
Repurchase of common stock	(470)	(400)
<b>Net cash used in financing activities</b>	<b>(643)</b>	<b>(497)</b>
Effect of exchange rate changes on cash and cash equivalents	(76)	(10)
<b>Net change in cash and cash equivalents</b>	<b>(387)</b>	<b>11</b>
Cash and cash equivalents at beginning of period	1,248	1,382
<b>Cash and cash equivalents at end of period</b>	<b>\$ 861</b>	<b>\$ 1,393</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid for:		
Income taxes	\$ 109	\$ 9
Interest	32	30