

**MEDTRONIC, INC.**  
**WORLD WIDE 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>	\$ 1,253	\$ 1,268	\$ 1,192	\$ 1,295	\$ 5,007	\$ 1,193	\$ 1,227	\$ -	\$ -	\$ 2,420
Defibrillation Systems	697	708	674	744	2,822	675	689	-	-	1,365
Pacing Systems	508	511	467	492	1,978	463	480	-	-	943
AF & Other	48	49	51	59	207	55	58	-	-	112
<b>CORONARY</b>	\$ 389	\$ 376	\$ 382	\$ 450	\$ 1,598	\$ 433	\$ 429	\$ -	\$ -	\$ 862
<b>STRUCTURAL HEART</b>	\$ 275	\$ 266	\$ 265	\$ 289	\$ 1,094	\$ 280	\$ 271	\$ -	\$ -	\$ 551
<b>ENDOVASCULAR</b>	\$ 186	\$ 188	\$ 190	\$ 219	\$ 783	\$ 209	\$ 210	\$ -	\$ -	\$ 419
<b>CARDIAC &amp; VASCULAR GROUP</b>	\$ 2,103	\$ 2,098	\$ 2,029	\$ 2,253	\$ 8,482	\$ 2,115	\$ 2,137	\$ -	\$ -	\$ 4,252
<b>SPINE</b>	\$ 825	\$ 839	\$ 784	\$ 818	\$ 3,267	\$ 786	\$ 782	\$ -	\$ -	\$ 1,568
Core Spine	651	675	640	677	2,643	645	649	-	-	1,294
BMP	174	164	144	141	624	141	133	-	-	274
<b>NEUROMODULATION</b>	\$ 397	\$ 421	\$ 419	\$ 463	\$ 1,700	\$ 419	\$ 454	\$ -	\$ -	\$ 873
<b>DIABETES</b>	\$ 355	\$ 367	\$ 367	\$ 392	\$ 1,481	\$ 364	\$ 378	\$ -	\$ -	\$ 742
<b>SURGICAL TECHNOLOGIES</b>	\$ 266	\$ 298	\$ 319	\$ 371	\$ 1,254	\$ 324	\$ 344	\$ -	\$ -	\$ 668
<b>RESTORATIVE THERAPIES GROUP</b>	\$ 1,843	\$ 1,925	\$ 1,889	\$ 2,044	\$ 7,702	\$ 1,893	\$ 1,958	\$ -	\$ -	\$ 3,851
<b>TOTAL CONTINUING OPERATIONS</b>	\$ 3,946	\$ 4,023	\$ 3,918	\$ 4,297	\$ 16,184	\$ 4,008	\$ 4,095	\$ -	\$ -	\$ 8,103
<b>ADJUSTMENTS :</b>										
<b>CURRENCY IMPACT (1)</b>						\$ (119)	\$ (118)	\$ -	\$ -	\$ (238)
<b>COMPARABLE OPERATIONS (1)</b>	\$ 3,946	\$ 4,023	\$ 3,918	\$ 4,297	\$ 16,184	\$ 4,127	\$ 4,213	\$ -	\$ -	\$ 8,341

(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.

**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	\$ 645	\$ -	\$ -	\$ 1,269
Defibrillation Systems	411	423	396	417	1,647	399	411	-	-	810
Pacing Systems	217	220	197	205	838	196	202	-	-	399
AF & Other	21	24	26	28	99	28	32	-	-	60
<b>CORONARY</b>	\$ 90	\$ 85	\$ 82	\$ 125	\$ 383	\$ 144	\$ 139	\$ -	\$ -	\$ 283
<b>STRUCTURAL HEART</b>	\$ 100	\$ 98	\$ 97	\$ 103	\$ 398	\$ 102	\$ 102	\$ -	\$ -	\$ 203
<b>ENDOVASCULAR</b>	\$ 76	\$ 81	\$ 79	\$ 87	\$ 322	\$ 81	\$ 83	\$ -	\$ -	\$ 164
<b>CARDIAC &amp; VASCULAR GROUP</b>	\$ 915	\$ 931	\$ 877	\$ 965	\$ 3,687	\$ 950	\$ 969	\$ -	\$ -	\$ 1,919
<b>SPINE</b>	\$ 589	\$ 599	\$ 555	\$ 557	\$ 2,300	\$ 558	\$ 549	\$ -	\$ -	\$ 1,108
Core Spine	429	450	426	431	1,736	430	430	-	-	862
BMP	160	149	129	126	564	128	119	-	-	246
<b>NEUROMODULATION</b>	\$ 272	\$ 295	\$ 287	\$ 315	\$ 1,170	\$ 295	\$ 324	\$ -	\$ -	\$ 618
<b>DIABETES</b>	\$ 214	\$ 228	\$ 226	\$ 238	\$ 906	\$ 215	\$ 229	\$ -	\$ -	\$ 444
<b>SURGICAL TECHNOLOGIES</b>	\$ 156	\$ 184	\$ 200	\$ 224	\$ 765	\$ 209	\$ 218	\$ -	\$ -	\$ 427
<b>RESTORATIVE THERAPIES GROUP</b>	\$ 1,231	\$ 1,306	\$ 1,268	\$ 1,334	\$ 5,141	\$ 1,277	\$ 1,320	\$ -	\$ -	\$ 2,597
<b>TOTAL CONTINUING OPERATIONS</b>	\$ 2,146	\$ 2,237	\$ 2,145	\$ 2,299	\$ 8,828	\$ 2,227	\$ 2,289	\$ -	\$ -	\$ 4,516
<b>ADJUSTMENTS :</b>										
<b>CURRENCY IMPACT</b>						\$ -	\$ -	\$ -	\$ -	\$ -
<b>COMPARABLE OPERATIONS</b>	\$ 2,146	\$ 2,237	\$ 2,145	\$ 2,299	\$ 8,828	\$ 2,227	\$ 2,289	\$ -	\$ -	\$ 4,516

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.

**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	\$ 582	\$ -	\$ -	\$ 1,151
Defibrillation Systems	286	285	278	327	1,175	276	278	-	-	555
Pacing Systems	291	291	270	287	1,140	267	278	-	-	544
AF & Other	27	25	25	31	108	27	26	-	-	52
<b>CORONARY</b>	\$ 299	\$ 291	\$ 300	\$ 325	\$ 1,215	\$ 289	\$ 290	\$ -	\$ -	\$ 579
<b>STRUCTURAL HEART</b>	\$ 175	\$ 168	\$ 168	\$ 186	\$ 696	\$ 178	\$ 169	\$ -	\$ -	\$ 348
<b>ENDOVASCULAR</b>	\$ 110	\$ 107	\$ 111	\$ 132	\$ 461	\$ 128	\$ 127	\$ -	\$ -	\$ 255
<b>CARDIAC &amp; VASCULAR GROUP</b>	\$ 1,188	\$ 1,167	\$ 1,152	\$ 1,288	\$ 4,795	\$ 1,165	\$ 1,168	\$ -	\$ -	\$ 2,333
<b>SPINE</b>	\$ 236	\$ 240	\$ 229	\$ 261	\$ 967	\$ 228	\$ 233	\$ -	\$ -	\$ 460
Core Spine	222	225	214	246	907	215	219	-	-	432
BMP	14	15	15	15	60	13	14	-	-	28
<b>NEUROMODULATION</b>	\$ 125	\$ 126	\$ 132	\$ 148	\$ 530	\$ 124	\$ 130	\$ -	\$ -	\$ 255
<b>DIABETES</b>	\$ 141	\$ 139	\$ 141	\$ 154	\$ 575	\$ 149	\$ 149	\$ -	\$ -	\$ 298
<b>SURGICAL TECHNOLOGIES</b>	\$ 110	\$ 114	\$ 119	\$ 147	\$ 489	\$ 115	\$ 126	\$ -	\$ -	\$ 241
<b>RESTORATIVE THERAPIES GROUP</b>	\$ 612	\$ 619	\$ 621	\$ 710	\$ 2,561	\$ 616	\$ 638	\$ -	\$ -	\$ 1,254
<b>TOTAL CONTINUING OPERATIONS</b>	\$ 1,800	\$ 1,786	\$ 1,773	\$ 1,998	\$ 7,356	\$ 1,781	\$ 1,806	\$ -	\$ -	\$ 3,587
<b>ADJUSTMENTS :</b>										
<b>CURRENCY IMPACT (1)</b>						\$ (119)	\$ (118)	\$ -	\$ -	\$ (238)
<b>COMPARABLE OPERATIONS (1)</b>	\$ 1,800	\$ 1,786	\$ 1,773	\$ 1,998	\$ 7,356	\$ 1,900	\$ 1,924	\$ -	\$ -	\$ 3,825

(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.

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

	Three months ended		Six months ended	
	October 26, 2012	October 28, 2011	October 26, 2012	October 28, 2011
(in millions, except per share data)				
<b>Net sales</b>	\$ 4,095	\$ 4,023	\$ 8,103	\$ 7,969
<b>Costs and expenses:</b>				
Cost of products sold	1,020	960	1,993	1,911
Research and development expense	387	371	772	733
Selling, general, and administrative expense	1,417	1,410	2,822	2,790
Certain litigation charges, net	245	-	245	-
Acquisition-related items	6	(24)	11	(16)
Amortization of intangible assets	79	85	159	171
Other expense, net	63	140	102	249
Interest expense, net	24	38	57	70
<b>Total costs and expenses</b>	<u>3,241</u>	<u>2,980</u>	<u>6,161</u>	<u>5,908</u>
<b>Earnings from continuing operations before income taxes</b>	854	1,043	1,942	2,061
<b>Provision for income taxes</b>	<u>208</u>	<u>179</u>	<u>432</u>	<u>378</u>
<b>Earnings from continuing operations</b>	646	864	1,510	1,683
<b>Discontinued operations, net of tax:</b>				
Earnings from operations of Physio-Control	-	12	-	17
Physio-Control divestiture-related costs	-	(5)	-	(8)
<b>Earnings from discontinued operations</b>	<u>-</u>	<u>7</u>	<u>-</u>	<u>9</u>
<b>Net earnings</b>	<u>\$ 646</u>	<u>\$ 871</u>	<u>\$ 1,510</u>	<u>\$ 1,692</u>
<b>Basic earnings per share</b>				
Earnings from continuing operations	<u>\$ 0.63</u>	<u>\$ 0.82</u>	<u>\$ 1.47</u>	<u>\$ 1.59</u>
Net earnings	<u>\$ 0.63</u>	<u>\$ 0.82</u>	<u>\$ 1.47</u>	<u>\$ 1.60</u>
<b>Diluted earnings per share</b>				
Earnings from continuing operations	<u>\$ 0.63</u>	<u>\$ 0.81</u>	<u>\$ 1.46</u>	<u>\$ 1.58</u>
Net earnings	<u>\$ 0.63</u>	<u>\$ 0.82</u>	<u>\$ 1.46</u>	<u>\$ 1.59</u>
<b>Basic weighted average shares outstanding</b>	1,019.4	1,058.1	1,024.4	1,060.6
<b>Diluted weighted average shares outstanding</b>	1,027.8	1,063.1	1,032.2	1,066.2
Cash dividends declared per common share	\$ 0.2600	\$ 0.2425	\$ 0.5200	\$ 0.4850

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>October 26, 2012</u>	<u>October 28, 2011</u>	
Net earnings, as reported	\$ 646	\$ 871	-26%
Certain litigation charges, net	235 (a)	-	
Certain acquisition-related items	6 (b)	9 (d)	
Physio-Control divestiture-related costs	-	5 (e)	
Impact of authoritative convertible debt guidance on interest expense, net	15 (c)	13 (c)	
Non-GAAP net earnings	<u>\$ 902</u>	<u>\$ 898 (f)</u>	-

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>October 26, 2012</u>	<u>October 28, 2011</u>	
Diluted EPS, as reported	\$ 0.63	\$ 0.82	-23%
Certain litigation charges, net	0.23 (a)	-	
Certain acquisition-related items	0.01 (b)	0.01 (d)	
Physio-Control divestiture-related costs	-	- (e)	
Impact of authoritative convertible debt guidance on interest expense, net	0.01 (c)	0.01 (c)	
Non-GAAP diluted EPS	<u>\$ 0.88</u>	<u>\$ 0.84 (f)</u>	5%

(a) The \$235 million (\$0.23 per share) after-tax (\$245 million pre-tax) certain litigation charges, net relates to an accounting charge for probable and reasonably estimable patent litigation with Edwards Lifesciences, Inc. In addition to disclosing certain litigation charges, net 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 certain litigation charges. 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 certain litigation charges 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 \$6 million (\$0.01 per share) after-tax (\$6 million pre-tax) certain acquisition-related items, net charge includes \$3 million after-tax (\$3 million pre-tax) of certain acquisition-related costs from the November 2012 acquisition of China Kanghui Holdings, a \$5 million after-tax (\$5 million pre-tax) net charge for an adjustment of transaction costs related to the divestiture of the Physio-Control business that occurred in the fourth quarter of fiscal year 2012, and \$2 million after-tax (\$2 million pre-tax) net income related to the change in fair value of contingent milestone payments associated with acquisitions subsequent to April 29, 2009. The certain acquisition-related costs included legal and other professional service fees. In addition to disclosing certain 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 certain 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 certain 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.

(c) The Financial Accounting Standards Board (FASB) authoritative guidance for convertible debt accounting has resulted in an after-tax impact to net earnings of \$15 million (\$0.01 per share) and \$13 million (\$0.01 per share) for the three months ended October 26, 2012 and October 28, 2011, respectively. The pre-tax impact to interest expense, net was \$23 million and \$21 million for the three months ended October 26, 2012 and October 28, 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 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.

(d) The \$9 million (\$0.01 per share) after-tax (\$9 million pre-tax) certain 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 certain 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 certain 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.

(e) The \$5 million (less than \$0.01 per share) after-tax (\$7 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.

(f) Included in our non-GAAP net earnings is \$12 million (\$0.01 per share) after-tax (\$17 million pre-tax) income from the operations of the Physio-Control business for the three months ended October 28, 2011, which is 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. Additionally, included in our non-GAAP net earnings for the three months ended October 28, 2011 is a \$5 million after-tax (\$5 million pre-tax) charge for transaction costs incurred related to the acquisitions of Salient Surgical Technologies, Inc. (Salient) and PEAK Surgical, Inc. (PEAK), and a non-cash gain of \$38 million after-tax (\$38 million pre-tax) related to previously held investments in Salient and PEAK, which are included in acquisition-related items on our condensed consolidated statements of earnings. The Company has included these items in its non-GAAP net earnings to offset the dilution to fiscal year 2012 net earnings in the second-half of the fiscal year from Salient and PEAK operations. 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 and the net impact of the Salient and PEAK acquisitions. 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 CONSOLIDATED GAAP NET EARNINGS  
TO CONSOLIDATED NON-GAAP NET EARNINGS  
(Unaudited)  
(in millions, except per share data)

	<u>Six months ended</u>		<u>Percentage Change</u>
	<u>October 26, 2012</u>	<u>October 28, 2011</u>	
Net earnings, as reported	\$ 1,510	\$ 1,692	-11%
Certain litigation charges, net	235 (a)	-	
Certain acquisition-related items	11 (b)	17 (d)	
Physio-Control divestiture-related costs	-	8 (e)	
Impact of authoritative convertible debt guidance on interest expense, net	29 (c)	26 (c)	
Non-GAAP net earnings	<u>\$ 1,785</u>	<u>\$ 1,743 (f)</u>	2%

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

	<u>Six months ended (2)</u>		<u>Percentage Change</u>
	<u>October 26, 2012</u>	<u>October 28, 2011</u>	
Diluted EPS, as reported	\$ 1.46	\$ 1.59	-8%
Certain litigation charges, net	0.23 (a)	-	
Certain acquisition-related items	0.01 (b)	0.02 (d)	
Physio-Control divestiture-related costs	-	0.01 (e)	
Impact of authoritative convertible debt guidance on interest expense, net	0.03 (c)	0.02 (c)	
Non-GAAP diluted EPS	<u>\$ 1.73</u>	<u>\$ 1.63 (1) (f)</u>	6%

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

(2) The data in this schedule has been intentionally rounded, and therefore, the first and second quarter data may not sum to the fiscal year to date totals.

(a) The \$235 million (\$0.23 per share) after-tax (\$245 million pre-tax) certain litigation charges, net relates to an accounting charge for probable and reasonably estimable patent litigation with Edwards Lifesciences, Inc. In addition to disclosing certain litigation charges, net 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 certain litigation charges. 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 certain litigation charges 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 \$11 million (\$0.01 per share) after-tax (\$11 million pre-tax) certain acquisition-related items, net charge includes \$3 million after-tax (\$3 million pre-tax) of certain acquisition-related costs from the November 2012 acquisition of China Kanghui Holdings, a \$5 million after-tax (\$5 million pre-tax) net charge for an adjustment of transaction costs related to the divestiture of the Physio-Control business that occurred in the fourth quarter of fiscal year 2012, and a \$3 million after-tax (\$3 million pre-tax) net charge related to the change in fair value of contingent milestone payments associated with acquisitions subsequent to April 29, 2009. The certain acquisition-

related costs included legal and other professional service fees. In addition to disclosing certain 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 certain 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 certain 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.

(c) The Financial Accounting Standards Board (FASB) authoritative guidance for convertible debt accounting has resulted in an after-tax impact to net earnings of \$29 million (\$0.03 per share) and \$26 million (\$0.02 per share) for the six months ended October 26, 2012 and October 28, 2011, respectively. The pre-tax impact to interest expense, net was \$46 million and \$42 million for the six months ended October 26, 2012 and October 28, 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 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.

(d) The \$17 million (\$0.02 per share) after-tax (\$17 million pre-tax) certain 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 certain 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 certain 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.

(e) The \$8 million (\$0.01 per share) after-tax (\$12 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.

(f) Included in our non-GAAP net earnings is \$17 million (\$0.02 per share) after-tax (\$25 million pre-tax) income from the operations of the Physio-Control business for the six months ended October 28, 2011, which is 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. Additionally, included in our non-GAAP net earnings for the six months ended October 28, 2011 is a \$5 million after-tax (\$5 million pre-tax) charge for transaction costs incurred related to the acquisitions of Salient Surgical Technologies, Inc. (Salient) and PEAK Surgical, Inc. (PEAK), and a non-cash gain of \$38 million after-tax (\$38 million pre-tax) related to previously held investments in Salient and PEAK, which are included in acquisition-related items on our condensed consolidated statements of earnings. The Company has included these items in its non-GAAP net earnings to offset the dilution to fiscal year 2012 net earnings in the second-half of the fiscal year from Salient and PEAK operations. 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 and the net impact of the Salient and PEAK acquisitions. 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)

	<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>October 26,</u> <u>2012</u>	<u>October 28,</u> <u>2011</u>		<u>Dollar</u>	<u>Percentage</u>	
<b>Reported Revenue:</b>						
Defibrillation Systems	\$ 689	\$ 708	(3)%	\$ (20)	(3)%	- %
Pacing Systems	480	511	(6)	(20)	(4)	(2)
AF & Other	58	49	18	(1)	(2)	20
Cardiac Rhythm Disease Management	1,227	1,268	(3)	(41)	(3)	-
Coronary	429	376	14	(18)	(5)	19
Structural Heart	271	266	2	(12)	(4)	6
Endovascular	210	188	12	(10)	(5)	17
Cardiac & Vascular Group	2,137	2,098	2	(81)	(4)	6
Core Spine	649	675	(4)	(12)	(2)	(2)
BMP	133	164	(19)	-	-	(19)
Spine	782	839	(7)	(12)	(2)	(5)
Neuromodulation	454	421	8	(10)	(2)	10
Diabetes	378	367	3	(10)	(3)	6
Surgical Technologies	344	298	15	(5)	(2)	17
Restorative Therapies Group	1,958	1,925	2	(37)	(2)	4
<b>Total</b>	<b>\$ 4,095</b>	<b>\$ 4,023</b>	<b>2 %</b>	<b>\$ (118)</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.

MEDTRONIC, INC.  
RECONCILIATION OF INTERNATIONAL 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>October 26,</u> <u>2012</u>	<u>October 28,</u> <u>2011</u>		<u>Dollar</u>	<u>Percentage</u>	
<b>Reported Revenue:</b>						
Defibrillation Systems	\$ 278	\$ 285	(2)%	\$ (20)	(7)%	5 %
Pacing Systems	278	291	(4)	(20)	(6)	2
AF & Other	26	25	4	(1)	(4)	8
Cardiac Rhythm Disease Management	582	601	(3)	(41)	(7)	4
Coronary	290	291	-	(18)	(6)	6
Structural Heart	169	168	1	(12)	(7)	8
Endovascular	127	107	19	(10)	(9)	28
Cardiac & Vascular Group	1,168	1,167	-	(81)	(7)	7
Core Spine	219	225	(3)	(12)	(6)	3
BMP	14	15	(7)	-	-	(7)
Spine	233	240	(3)	(12)	(5)	2
Neuromodulation	130	126	3	(10)	(8)	11
Diabetes	149	139	7	(10)	(7)	14
Surgical Technologies	126	114	11	(5)	(4)	15
Restorative Therapies Group	638	619	3	(37)	(6)	9
<b>Total</b>	<b>\$ 1,806</b>	<b>\$ 1,786</b>	<b>1 %</b>	<b>\$ (118)</b>	<b>(7)%</b>	<b>8 %</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.

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

	Three months ended		Reported Growth	Currency Impact on Growth (a)		Constant Currency Growth (a)
	October 26, 2012	October 28, 2011		Dollar	Percentage	
Emerging Market Revenue (b)	\$ 464	\$ 407	14 %	\$ (17)	(4)%	18 %

(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>October 26, 2012</u>	<u>Three months ended</u> <u>October 28, 2011</u>	<u>Percentage</u> <u>Change</u>
Surgical Technologies revenue, as reported	\$ 344	\$ 298	15%
Advanced Energy business revenue	(35)	(21)	
Surgical Technologies revenue, adjusted for Advanced Energy	309 (a)	277	12%
Foreign currency impact	5	-	
Surgical Technologies revenue, adjusted for Advanced Energy and foreign currency	<u>\$ 314 (a)</u>	<u>\$ 277</u>	13%

(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)

	October 26, 2012	April 27, 2012
(in millions, except per share data)		
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,759	\$ 1,248
Short-term investments	916	1,344
Accounts receivable, less allowances of \$102 and \$100, respectively	3,612	3,808
Inventories	1,877	1,800
Deferred tax assets, net	595	640
Prepaid expenses and other current assets	676	675
<b>Total current assets</b>	<b>9,435</b>	<b>9,515</b>
Property, plant, and equipment	5,967	5,796
Accumulated depreciation	(3,520)	(3,323)
<b>Property, plant, and equipment, net</b>	<b>2,447</b>	<b>2,473</b>
<b>Goodwill</b>	<b>9,944</b>	<b>9,934</b>
<b>Other intangible assets, net</b>	<b>2,500</b>	<b>2,647</b>
<b>Long-term investments</b>	<b>8,816</b>	<b>7,705</b>
<b>Long-term deferred tax assets, net</b>	<b>468</b>	<b>504</b>
<b>Other assets</b>	<b>350</b>	<b>305</b>
<b>Total assets</b>	<b>\$ 33,960</b>	<b>\$ 33,083</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 4,097	\$ 3,274
Accounts payable	551	565
Accrued compensation	717	912
Accrued income taxes	113	65
Deferred tax liabilities, net	28	33
Other accrued expenses	1,115	1,008
<b>Total current liabilities</b>	<b>6,621</b>	<b>5,857</b>
<b>Long-term debt</b>	<b>7,355</b>	<b>7,359</b>
<b>Long-term accrued compensation and retirement benefits</b>	<b>809</b>	<b>759</b>
<b>Long-term accrued income taxes</b>	<b>985</b>	<b>1,005</b>
<b>Long-term deferred tax liabilities, net</b>	<b>584</b>	<b>611</b>
<b>Other long-term liabilities</b>	<b>431</b>	<b>379</b>
<b>Total liabilities</b>	<b>16,785</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	101	104
Retained earnings	17,558	17,482
Accumulated other comprehensive loss	(484)	(473)
<b>Total shareholders' equity</b>	<b>17,175</b>	<b>17,113</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 33,960</b>	<b>\$ 33,083</b>

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

	Six months ended	
	October 26, 2012	October 28, 2011
(in millions)		
<b>Operating Activities:</b>		
Net earnings	\$ 1,510	\$ 1,692
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	396	424
Amortization of discount on senior convertible notes	46	42
Acquisition-related items	3	17
Provision for doubtful accounts	26	32
Deferred income taxes	52	(58)
Stock-based compensation	85	90
Change in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	123	(119)
Inventories	(71)	(147)
Accounts payable and accrued liabilities	(185)	(292)
Other operating assets and liabilities	28	606
Certain litigation charges, net	245	-
Certain litigation payments	(91)	-
<b>Net cash provided by operating activities</b>	<b>2,167</b>	<b>2,286</b>
<b>Investing Activities:</b>		
Acquisitions, net of cash acquired	(23)	(556)
Additions to property, plant, and equipment	(211)	(269)
Purchases of marketable securities	(5,494)	(3,866)
Sales and maturities of marketable securities	4,865	3,008
Other investing activities, net	(6)	(60)
<b>Net cash used in investing activities</b>	<b>(869)</b>	<b>(1,743)</b>
<b>Financing Activities:</b>		
Acquisition-related contingent consideration	(15)	(62)
Change in short-term borrowings, net	775	302
Payments on long-term debt	(8)	(15)
Dividends to shareholders	(533)	(514)
Issuance of common stock	103	45
Repurchase of common stock	(1,084)	(600)
<b>Net cash used in financing activities</b>	<b>(762)</b>	<b>(844)</b>
Effect of exchange rate changes on cash and cash equivalents	(25)	(34)
<b>Net change in cash and cash equivalents</b>	<b>511</b>	<b>(334)</b>
Cash and cash equivalents at beginning of period	1,248	1,382
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,759</b>	<b>\$ 1,048</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid for:		
Income taxes	\$ 364	\$ 99
Interest	184	161