

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

(\$ millions)	FY14	FY14	FY14	FY14	FY14	FY15	FY15	FY15	FY15	FY15	Q3 FY15	Currency	Q3 FY15
	QTR 1	QTR 2	QTR 3	QTR 4	YTD	QTR 1	QTR 2	QTR 3	QTR 4	YTD	Year over Year Reported Growth	Impact on Growth	Year over Year Constant Currency Growth (a)
<b>REPORTED REVENUE :</b>													
High Power	\$ 655	\$ 713	\$ 655	\$ 734	\$ 2,757	\$ 627	\$ 670	\$ 650	\$ —	\$ 1,949	(1)%	\$ (28)	4%
Low Power	474	477	439	503	1,892	525	524	489	—	1,538	11	(23)	17
AF & Other	64	83	90	109	347	104	126	130	—	361	44	(5)	50
<b>CARDIAC RHYTHM &amp; HEART FAILURE</b>	<b>1,193</b>	<b>1,273</b>	<b>1,184</b>	<b>1,346</b>	<b>4,996</b>	<b>1,256</b>	<b>1,320</b>	<b>1,269</b>	<b>—</b>	<b>3,848</b>	<b>7</b>	<b>(56)</b>	<b>12</b>
Coronary	435	427	436	446	1,744	428	413	407	—	1,247	(7)	(21)	(2)
Structural Heart	313	281	281	337	1,212	338	330	330	—	998	17	(14)	22
<b>CORONARY &amp; STRUCTURAL HEART</b>	<b>748</b>	<b>708</b>	<b>717</b>	<b>783</b>	<b>2,956</b>	<b>766</b>	<b>743</b>	<b>737</b>	<b>—</b>	<b>2,245</b>	<b>3</b>	<b>(35)</b>	<b>8</b>
<b>AORTIC &amp; PERIPHERAL VASCULAR</b>	<b>219</b>	<b>218</b>	<b>218</b>	<b>240</b>	<b>895</b>	<b>232</b>	<b>223</b>	<b>218</b>	<b>—</b>	<b>672</b>	<b>—</b>	<b>(10)</b>	<b>5</b>
CARDIAC & VASCULAR GROUP	2,160	2,199	2,119	2,369	8,847	2,254	2,286	2,224	—	6,765	5	(101)	10
Core Spine	563	556	554	579	2,253	552	551	543	—	1,647	(2)	(16)	1
Interventional Spine	78	80	77	83	317	81	75	75	—	231	(3)	(2)	—
BMP	124	110	113	124	471	110	120	122	—	351	8	(1)	9
<b>SPINE</b>	<b>765</b>	<b>746</b>	<b>744</b>	<b>786</b>	<b>3,041</b>	<b>743</b>	<b>746</b>	<b>740</b>	<b>—</b>	<b>2,229</b>	<b>(1)</b>	<b>(19)</b>	<b>2</b>
<b>NEUROMODULATION</b>	<b>428</b>	<b>479</b>	<b>478</b>	<b>513</b>	<b>1,898</b>	<b>479</b>	<b>494</b>	<b>487</b>	<b>—</b>	<b>1,459</b>	<b>2</b>	<b>(13)</b>	<b>5</b>
<b>SURGICAL TECHNOLOGIES</b>	<b>361</b>	<b>377</b>	<b>386</b>	<b>438</b>	<b>1,562</b>	<b>381</b>	<b>410</b>	<b>418</b>	<b>—</b>	<b>1,209</b>	<b>8</b>	<b>(11)</b>	<b>11</b>
RESTORATIVE THERAPIES GROUP	1,554	1,602	1,608	1,737	6,501	1,603	1,650	1,645	—	4,897	2	(43)	5
DIABETES GROUP	369	393	436	460	1,657	416	430	449	—	1,295	3	(14)	6
<b>TOTAL</b>	<b>\$4,083</b>	<b>\$4,194</b>	<b>\$4,163</b>	<b>\$4,566</b>	<b>\$17,005</b>	<b>\$ 4,273</b>	<b>\$4,366</b>	<b>\$4,318</b>	<b>\$ —</b>	<b>\$12,957</b>	<b>3.7 %</b>	<b>\$ (158)</b>	<b>7.5%</b>

(a) Constant currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior year periods using a constant currency, the exchange rate in effect during the applicable prior year period. See description of non-GAAP financial measures contained in this release.

Note: The data in this schedule has been intentionally rounded to the nearest million. Therefore, the quarterly revenue may not sum to the fiscal year to date revenue.

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

(\$ millions)	FY14	FY14	FY14	FY14	FY14	FY15	FY15	FY15	FY15	FY15	Q3 FY15
	QTR 1	QTR 2	QTR 3	QTR 4	YTD	QTR 1	QTR 2	QTR 3	QTR 4	YTD	Year over Year Reported Growth
<b>REPORTED REVENUE :</b>											
High Power	\$ 386	\$ 429	\$ 375	\$ 395	\$ 1,585	\$ 354	\$ 390	\$ 380	\$ —	\$ 1,123	1%
Low Power	187	202	172	212	773	241	247	242	—	730	41
AF & Other	34	49	51	59	194	59	63	64	—	185	25
<b>CARDIAC RHYTHM &amp; HEART FAILURE</b>	<b>607</b>	<b>680</b>	<b>598</b>	<b>666</b>	<b>2,552</b>	<b>654</b>	<b>700</b>	<b>686</b>	<b>—</b>	<b>2,038</b>	<b>15</b>
Coronary	142	140	132	134	549	134	133	128	—	395	(3)
Structural Heart	103	107	102	133	444	147	152	151	—	451	48
<b>CORONARY &amp; STRUCTURAL HEART</b>	<b>245</b>	<b>247</b>	<b>234</b>	<b>267</b>	<b>993</b>	<b>281</b>	<b>285</b>	<b>279</b>	<b>—</b>	<b>846</b>	<b>19</b>
<b>AORTIC &amp; PERIPHERAL VASCULAR</b>	<b>81</b>	<b>84</b>	<b>81</b>	<b>87</b>	<b>332</b>	<b>84</b>	<b>84</b>	<b>82</b>	<b>—</b>	<b>250</b>	<b>1</b>
CARDIAC & VASCULAR GROUP	933	1,011	913	1,020	3,877	1,019	1,069	1,047	—	3,134	15
Core Spine	369	365	364	369	1,468	352	358	359	—	1,068	(1)
Interventional Spine	57	57	55	60	229	58	55	56	—	170	2
BMP	110	96	98	106	409	96	104	107	—	307	9
<b>SPINE</b>	<b>536</b>	<b>518</b>	<b>517</b>	<b>535</b>	<b>2,106</b>	<b>506</b>	<b>517</b>	<b>522</b>	<b>—</b>	<b>1,545</b>	<b>1</b>
<b>NEUROMODULATION</b>	<b>294</b>	<b>338</b>	<b>330</b>	<b>343</b>	<b>1,304</b>	<b>322</b>	<b>349</b>	<b>340</b>	<b>—</b>	<b>1,011</b>	<b>3</b>
<b>SURGICAL TECHNOLOGIES</b>	<b>234</b>	<b>241</b>	<b>242</b>	<b>261</b>	<b>979</b>	<b>244</b>	<b>264</b>	<b>271</b>	<b>—</b>	<b>780</b>	<b>12</b>
RESTORATIVE THERAPIES GROUP	1,064	1,097	1,089	1,139	4,389	1,072	1,130	1,133	—	3,336	4
DIABETES GROUP	209	230	271	271	981	242	257	279	—	778	3
<b>TOTAL</b>	<b>\$ 2,206</b>	<b>\$ 2,338</b>	<b>\$ 2,273</b>	<b>\$ 2,430</b>	<b>\$ 9,247</b>	<b>\$ 2,333</b>	<b>\$ 2,456</b>	<b>\$ 2,459</b>	<b>\$ —</b>	<b>\$ 7,248</b>	<b>8%</b>

Note: The data in this schedule has been intentionally rounded to the nearest million. Therefore, the quarterly revenue may not sum to the fiscal year to date revenue.

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

(\$ millions)	FY14	FY14	FY14	FY14	FY14	FY15	FY15	FY15	FY15	FY15	Q3 FY15	Currency	Q3 FY15
	QTR 1	QTR 2	QTR 3	QTR 4	YTD	QTR 1	QTR 2	QTR 3	QTR 4	YTD	Year over Year Reported Growth	Impact on Growth	Year over Year Constant Currency Growth (a)
<b>REPORTED REVENUE :</b>													
High Power	\$ 269	\$ 284	\$ 280	\$ 339	\$ 1,172	\$ 273	\$ 280	\$ 270	\$ —	\$ 826	(4)%	\$ (28)	6%
Low Power	287	275	267	291	1,119	284	277	247	—	808	(7)	(23)	1
AF & Other	30	34	39	50	153	45	63	66	—	176	69	(5)	82
<b>CARDIAC RHYTHM &amp; HEART FAILURE</b>	<b>586</b>	<b>593</b>	<b>586</b>	<b>680</b>	<b>2,444</b>	<b>602</b>	<b>620</b>	<b>583</b>	<b>—</b>	<b>1,810</b>	<b>(1)</b>	<b>(56)</b>	<b>9</b>
Coronary	293	287	304	312	1,195	294	280	279	—	852	(8)	(21)	(1)
Structural Heart	210	174	179	204	768	191	178	179	—	547	—	(14)	8
<b>CORONARY &amp; STRUCTURAL HEART</b>	<b>503</b>	<b>461</b>	<b>483</b>	<b>516</b>	<b>1,963</b>	<b>485</b>	<b>458</b>	<b>458</b>	<b>—</b>	<b>1,399</b>	<b>(5)</b>	<b>(35)</b>	<b>2</b>
<b>AORTIC &amp; PERIPHERAL VASCULAR</b>	<b>138</b>	<b>134</b>	<b>137</b>	<b>153</b>	<b>563</b>	<b>148</b>	<b>139</b>	<b>136</b>	<b>—</b>	<b>422</b>	<b>(1)</b>	<b>(10)</b>	<b>7</b>
CARDIAC & VASCULAR GROUP	1,227	1,188	1,206	1,349	4,970	1,235	1,217	1,177	—	3,631	(2)	(101)	6
Core Spine	194	191	190	210	785	200	193	184	—	579	(3)	(16)	5
Interventional Spine	21	23	22	23	88	23	20	19	—	61	(14)	(2)	(5)
BMP	14	14	15	18	62	14	16	15	—	44	—	(1)	7
<b>SPINE</b>	<b>229</b>	<b>228</b>	<b>227</b>	<b>251</b>	<b>935</b>	<b>237</b>	<b>229</b>	<b>218</b>	<b>—</b>	<b>684</b>	<b>(4)</b>	<b>(19)</b>	<b>4</b>
<b>NEUROMODULATION</b>	<b>134</b>	<b>141</b>	<b>148</b>	<b>170</b>	<b>594</b>	<b>157</b>	<b>145</b>	<b>147</b>	<b>—</b>	<b>448</b>	<b>(1)</b>	<b>(13)</b>	<b>8</b>
<b>SURGICAL TECHNOLOGIES</b>	<b>127</b>	<b>136</b>	<b>144</b>	<b>177</b>	<b>583</b>	<b>137</b>	<b>146</b>	<b>147</b>	<b>—</b>	<b>429</b>	<b>2</b>	<b>(11)</b>	<b>10</b>
RESTORATIVE THERAPIES GROUP	490	505	519	598	2,112	531	520	512	—	1,561	(1)	(43)	7
DIABETES GROUP	160	163	165	189	676	174	173	170	—	517	3	(14)	12
<b>TOTAL</b>	<b>\$1,877</b>	<b>\$1,856</b>	<b>\$1,890</b>	<b>\$2,136</b>	<b>\$ 7,758</b>	<b>\$ 1,940</b>	<b>\$1,910</b>	<b>\$1,859</b>	<b>\$ —</b>	<b>\$ 5,709</b>	<b>(2)%</b>	<b>\$ (158)</b>	<b>7%</b>

(a) Constant currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior year periods using a constant currency, the exchange rate in effect during the applicable prior year period. See description of non-GAAP financial measures contained in this release.

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

	<u>Three months ended</u>		<u>Reported Growth</u>	<u>Currency Impact on Growth</u>		<u>Constant Currency Growth (a)</u>
	<u>January 23, 2015</u>	<u>January 24, 2014</u>		<u>Dollar</u>	<u>Percentage</u>	
Emerging Market Revenue (b)	\$ 542	\$ 513	6%	\$ (32)	(6)%	12%

- (a) Constant currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior year periods using a constant currency, the exchange rate in effect during the applicable prior year period. See description of non-GAAP financial measures contained in this release.
- (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.  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)

	Three months ended		Nine months ended	
	January 23, 2015	January 24, 2014	January 23, 2015	January 24, 2014
	(in millions, except per share data)			
<b>Net sales</b>	\$ 4,318	\$ 4,163	\$ 12,957	\$ 12,440
<b>Costs and expenses:</b>				
Cost of products sold	1,128	1,050	3,375	3,162
Research and development expense	373	360	1,112	1,092
Selling, general, and administrative expense	1,487	1,454	4,500	4,308
Special (gains) charges, net	(138)	—	(38)	40
Restructuring (credits) charges, net	—	(15)	30	3
Certain litigation charges, net	—	—	—	24
Acquisition-related items	80	200	182	104
Amortization of intangible assets	89	89	265	263
Other expense, net	24	45	138	122
Interest expense, net	81	25	94	98
<b>Total costs and expenses</b>	<u>3,124</u>	<u>3,208</u>	<u>9,658</u>	<u>9,216</u>
<b>Earnings before income taxes</b>	1,194	955	3,299	3,224
<b>Provision for income taxes</b>	217	193	623	607
<b>Net earnings</b>	<u>\$ 977</u>	<u>\$ 762</u>	<u>\$ 2,676</u>	<u>\$ 2,617</u>
<b>Basic earnings per share</b>	<u>\$ 0.99</u>	<u>\$ 0.76</u>	<u>\$ 2.71</u>	<u>\$ 2.61</u>
<b>Diluted earnings per share</b>	<u>\$ 0.98</u>	<u>\$ 0.75</u>	<u>\$ 2.68</u>	<u>\$ 2.58</u>
<b>Basic weighted average shares outstanding</b>	983.8	998.3	986.6	1,002.7
<b>Diluted weighted average shares outstanding</b>	995.8	1,010.0	998.5	1,014.0
Cash dividends declared per common share	\$ 0.305	\$ 0.280	\$ 0.915	\$ 0.840

MEDTRONIC, INC.  
NET EARNINGS AND DILUTED EPS GAAP TO NON-GAAP RECONCILIATION  
(Unaudited)

(in millions, except per share data)

	Three months ended January 23, 2015		
	Earnings Before Income Taxes	Net Earnings	Diluted EPS
<b>GAAP</b>	\$ 1,194	\$ 977	\$ 0.98
Adjustments:			
Special gains (a)	(138)	(87)	(0.09)
Acquisition-related items (b)	80	66	0.07
Impact of acquisition on interest expense (c)	77	49	0.05
<b>As adjusted</b>	<u>\$ 1,213</u>	<u>\$ 1,005</u>	<u>\$ 1.01</u>
	Three months ended January 24, 2014		
	Earnings Before Income Taxes	Net Earnings	Diluted EPS
<b>GAAP</b>	\$ 955	\$ 762	\$ 0.75
Adjustments:			
Restructuring credits (d)	(15)	(13)	(0.01)
Acquisition-related items (e)	200	167	0.17
<b>As adjusted</b>	<u>\$ 1,140</u>	<u>\$ 916</u>	<u>\$ 0.91</u>
		Net Earnings	Diluted EPS
<b>Year over year percent change:</b>			
GAAP		28%	31%
As adjusted		10%	11%

See description of non-GAAP financial measures contained in this release.

- (a) The \$(87) million (\$0.09 per share) after-tax (\$138) million pre-tax special (gains) charges includes \$(25) million after-tax (\$41) million pre-tax) gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division and \$(62) million after-tax (\$97) million pre-tax) net gain recognized in connection with the sale of a certain equity method investment.
- (b) The \$66 million (\$0.07 per share) after-tax (\$80 million pre-tax) acquisition-related items primarily includes costs incurred in connection with the Covidien acquisition (bridge financing fees, legal fees, and other transaction-related costs).
- (c) The \$49 million (\$0.05 per share) after-tax (\$77 million pre-tax) impact of acquisition on interest expense represents 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. On December 10, 2014, Medtronic issued \$17 billion of debt to finance, in part, the cash component of the Covidien acquisition consideration including the payment of certain transaction and financing expenses and for working capital and general corporate purposes, which may include repayment of indebtedness. The Covidien acquisition closed on January 26, 2015.
- (d) The \$(13) million (\$0.01 per share) after-tax (\$15) million pre-tax) restructuring credits are a reversal of excess restructuring reserves related to the fiscal year 2013 restructuring initiative. This reversal was primarily a result of revisions to particular strategies and employees identified for elimination finding other positions within the Company.
- (e) The \$167 million (\$0.17 per share) after-tax (\$200 million pre-tax) acquisition-related items primarily includes \$204 million after-tax (\$236 million pre-tax) impairment of long-lived assets related to the Ardian, Inc. (Ardian) acquisition and \$39 million after-tax (\$39 million pre-tax) net income related to the change in fair value of contingent consideration payments associated with acquisitions subsequent to April 29, 2009. In the third quarter of fiscal year 2014, the U.S. pivotal trial in renal denervation for treatment-resistant hypertension, Symplicity HTN-3, failed to meet its primary

efficacy endpoint. Therefore, the Company assessed the Ardian IPR&D and long-lived asset group for impairment. As a result, in the third quarter of fiscal year 2014, the Company recorded impairment charges of \$166 million after-tax (\$192 million pre-tax) related to IPR&D and \$38 million after-tax (\$44 million pre-tax) related to other long-lived assets. The change in fair value of contingent consideration payments is primarily related to adjustments in Ardian contingent consideration.

MEDTRONIC, INC.  
NET EARNINGS AND DILUTED EPS GAAP TO NON-GAAP RECONCILIATION  
(Unaudited)

(in millions, except per share data)

	Nine months ended January 23, 2015		
	Earnings Before Income Taxes	Net Earnings	Diluted EPS
<b>GAAP</b>	\$ 3,299	\$ 2,676	\$ 2.68
Adjustments:			
Special (gains) charges, net (a)	(38)	(23)	(0.02)
Restructuring charges, net (b)	30	22	0.02
Acquisition-related items (c)	182	166	0.17
Impact of acquisition on interest expense (d)	77	49	0.05
<b>As adjusted</b>	<b>\$ 3,550</b>	<b>\$ 2,890</b>	<b>\$ 2.89</b> (1)
	Nine months ended January 24, 2014		
	Earnings Before Income Taxes	Net Earnings	Diluted EPS
<b>GAAP</b>	\$ 3,224	\$ 2,617	\$ 2.58
Adjustments:			
Special charges (e)	40	26	0.03
Restructuring charges, net (f)	3	2	—
Certain litigation charges, net (g)	24	17	0.02
Acquisition-related items (h)	104	71	0.07
<b>As adjusted</b>	<b>\$ 3,395</b>	<b>\$ 2,733</b>	<b>\$ 2.70</b>
<b>Year over year percent change</b>			
GAAP		2%	4%
As adjusted		6%	7%

See description of non-GAAP financial measures contained in this release.

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

- (a) The \$(23) million (\$0.02 per share) after-tax (\$38 million pre-tax) special (gains) charges includes \$64 million after-tax (\$100 million pre-tax) charitable contribution made to the Medtronic Foundation, \$(25) million after-tax (\$41 million pre-tax) gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division and \$(62) million after-tax (\$97 million pre-tax) net gain recognized in connection with the sale of a certain equity method investment.
- (b) The \$22 million (\$0.02 per share) after-tax (\$30 million pre-tax) restructuring charges, net includes a \$28 million after-tax (\$38 million pre-tax) charge related to a continuation of our fourth quarter fiscal year 2014 restructuring initiative, partially offset by a \$6 million after-tax (\$8 million pre-tax) reversal of excess restructuring reserves related to the fiscal year 2014 restructuring initiative. The first quarter fiscal year 2015 restructuring charge for the fiscal year 2014 initiative consists primarily of contract termination and other related costs. The reversal was primarily a result of certain employees identified for elimination finding other positions within the Company and revisions to particular strategies.

- (c) The \$166 million (\$0.17 per share) after-tax (\$182 million pre-tax) acquisition-related items primarily includes costs incurred in connection with the Covidien acquisition (bridge financing fees, legal fees, and other transaction-related costs).
- (d) The \$49 million (\$0.05 per share) after-tax (\$77 million pre-tax) impact of acquisition on interest expense represents 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. On December 10, 2014, Medtronic issued \$17 billion of debt to finance, in part, the cash component of the Covidien acquisition consideration including the payment of certain transaction and financing expenses and for working capital and general corporate purposes, which may include repayment of indebtedness. The Covidien acquisition closed on January 26, 2015.
- (e) The \$26 million (\$0.03 per share) special charge represents an after-tax charitable cash donation (\$40 million pre-tax) made to the Medtronic Foundation.
- (f) The \$2 million (less than \$0.01 per share) after-tax (\$3 million pre-tax) restructuring charges, net is the net impact of a \$15 million after-tax (\$18 million pre-tax) charge related to a continuation of our fourth quarter fiscal year 2013 restructuring initiative, partially offset by a \$13 million after-tax (\$15 million pre-tax) reversal of excess restructuring reserves related to the fiscal year 2013 restructuring initiative. The restructuring charge consisted primarily of contract termination fees. The reversal was primarily a result of revisions to particular strategies and employees identified for elimination finding other positions within the Company.
- (g) The \$17 million (\$0.02 per share) after-tax (\$24 million pre-tax) certain litigation charges, net relates to accounting charges for patent and Other Matters litigation.
- (h) The \$71 million (\$0.07 per share) after-tax (\$104 million pre-tax) acquisition-related items includes \$204 million after-tax (\$236 million pre-tax) impairment of long-lived assets related to the Ardian acquisition and \$135 million after-tax (\$135 million pre-tax) net income related to the change in fair value of contingent consideration payments associated with acquisitions subsequent to April 29, 2009. In the third quarter of fiscal year 2014, the U.S. pivotal trial in renal denervation for treatment-resistant hypertension, Symplicity HTN-3, failed to meet its primary efficacy endpoint. Therefore, the Company assessed the Ardian IPR&D and long-lived asset group for impairment. As a result, in the third quarter of fiscal year 2014, the Company recorded impairment charges of \$166 million after-tax (\$192 million pre-tax) related to IPR&D and \$38 million after-tax (\$44 million pre-tax) related to other long-lived assets. The change in fair value of contingent consideration payments primarily related to adjustments in Ardian contingent consideration. In the first quarter of fiscal year 2014, the Company recorded after-tax net income of \$96 million (\$96 million pre-tax) related to the change in fair value of contingent consideration payments. In the third quarter of fiscal year 2014, the Company recorded after-tax net income of \$39 million (\$39 million pre-tax) related to the change in fair value of contingent consideration payments.



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

	Nine months ended January 23, 2015	Six months ended October 24, 2014	Three months ended January 23, 2015
Net cash provided by operating activities	\$ 2,990	\$ 1,223	\$ 1,767
Additions to property, plant, and equipment	(316)	(210)	(106)
Free cash flow (a)	<u>\$ 2,674</u>	<u>\$ 1,013</u>	<u>\$ 1,661</u>

(a) Free cash flow, a non-GAAP financial measure, is calculated by subtracting property, plant, and equipment additions from operating cash flows. See description of non-GAAP financial measures contained in this release.

MEDTRONIC, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	January 23, 2015	April 25, 2014
	(in millions, except per share data)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 17,231	\$ 1,403
Investments	13,917	12,838
Accounts receivable, less allowances of \$108 and \$115, respectively	3,568	3,811
Inventories	1,875	1,725
Tax assets	618	736
Prepaid expenses and other current assets	952	697
<b>Total current assets</b>	<b>38,161</b>	<b>21,210</b>
Property, plant, and equipment	6,343	6,439
Accumulated depreciation	(4,017)	(4,047)
<b>Property, plant, and equipment, net</b>	<b>2,326</b>	<b>2,392</b>
<b>Goodwill</b>	<b>10,950</b>	<b>10,593</b>
<b>Other intangible assets, net</b>	<b>2,339</b>	<b>2,286</b>
<b>Long-term tax assets</b>	<b>207</b>	<b>300</b>
<b>Other assets</b>	<b>1,250</b>	<b>1,162</b>
<b>Total assets</b>	<b>\$ 55,233</b>	<b>\$ 37,943</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 2,185	\$ 1,613
Accounts payable	635	742
Accrued compensation	1,005	1,015
Accrued income taxes	173	164
Deferred tax liabilities	17	19
Other accrued expenses	1,598	2,006
<b>Total current liabilities</b>	<b>5,613</b>	<b>5,559</b>
<b>Long-term debt</b>	<b>26,641</b>	<b>10,315</b>
<b>Long-term accrued compensation and retirement benefits</b>	<b>671</b>	<b>662</b>
<b>Long-term accrued income taxes</b>	<b>1,405</b>	<b>1,343</b>
<b>Long-term deferred tax liabilities</b>	<b>415</b>	<b>386</b>
<b>Other long-term liabilities</b>	<b>315</b>	<b>235</b>
<b>Total liabilities</b>	<b>35,060</b>	<b>18,500</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity:</b>		
Preferred stock— par value \$1.00	—	—
Common stock— par value \$0.10	99	100
Retained earnings	20,735	19,940
Accumulated other comprehensive loss	(661)	(597)
<b>Total shareholders' equity</b>	<b>20,173</b>	<b>19,443</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 55,233</b>	<b>\$ 37,943</b>

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

(in millions)	Nine months ended	
	January 23, 2015	January 24, 2014
<b>Operating Activities:</b>		
Net earnings	\$ 2,676	\$ 2,617
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	629	635
Amortization of debt discount and issuance costs	69	6
Acquisition-related items	2	99
Provision for doubtful accounts	25	34
Deferred income taxes	(20)	(61)
Stock-based compensation	115	108
Other, net	(96)	(17)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(60)	86
Inventories	(245)	(119)
Accounts payable and accrued liabilities	702	(301)
Other operating assets and liabilities	(1)	523
Certain litigation charges, net	—	24
Certain litigation payments	(806)	(3)
<b>Net cash provided by operating activities</b>	<b>2,990</b>	<b>3,631</b>
<b>Investing Activities:</b>		
Acquisitions, net of cash acquired	(611)	(369)
Additions to property, plant, and equipment	(316)	(291)
Purchases of investments	(5,327)	(7,992)
Sales and maturities of investments	4,351	5,606
Other investing activities, net	60	(23)
<b>Net cash used in investing activities</b>	<b>(1,843)</b>	<b>(3,069)</b>
<b>Financing Activities:</b>		
Acquisition-related contingent consideration	(5)	(1)
Change in short-term borrowings, net	7	935
Repayment of short-term borrowings (maturities greater than 90 days)	(150)	(385)
Proceeds from short-term borrowings (maturities greater than 90 days)	150	1,176
Issuance of long-term debt	16,918	—
Payments on long-term debt	(13)	(10)
Dividends to shareholders	(902)	(839)
Issuance of common stock	477	1,056
Repurchase of common stock	(1,620)	(2,153)
Other financing activities	(64)	20
<b>Net cash provided by (used in) financing activities</b>	<b>14,798</b>	<b>(201)</b>
Effect of exchange rate changes on cash and cash equivalents	(117)	24
<b>Net change in cash and cash equivalents</b>	<b>15,828</b>	<b>385</b>
Cash and cash equivalents at beginning of period	1,403	919
<b>Cash and cash equivalents at end of period</b>	<b>\$ 17,231</b>	<b>\$ 1,304</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid for:		
Income taxes	\$ 446	\$ 382
Interest	221	226