



COVIDIEN

Lazard Capital Management 6th Annual Healthcare Conference

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Forward-Looking Statements

This presentation contains certain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements.

The forward-looking statements in this presentation may include statements addressing the following subjects: future financial condition and operating results, economic, business, competitive and/or regulatory factors affecting our business. Any of the following factors may affect our future results:

- Our ability to effectively introduce and market new products or keep pace with advances in technology
- The reimbursement practices of a small number of large public and private insurers
- Cost-containment efforts of customers, purchasing groups, third-party payers and governmental organizations
- Intellectual property rights disputes
- Complex and costly regulation, including healthcare fraud and abuse regulations
- Manufacturing or supply chain problems or disruptions
- Recalls or safety alerts and negative publicity relating to Covidien or its products
- Product liability losses and other litigation liability
- Prices for oil, gas and other commodities

Forward-Looking Statements (cont.)

- **Divestitures of some of our businesses or product lines**
- **Our ability to execute strategic acquisitions of, investments in or alliances with other companies and businesses**
- **Competition**
- **Risks associated with doing business outside of the United States**
- **Foreign currency exchange rates**
- **Potential environmental liabilities**
- **Implementation of the ongoing reorganization of our operating structure**

These are examples of factors, among others, that could cause actual results to differ materially from those described in the forward-looking statements. In addition, our historical combined financial information prior to June 29, 2007 is not necessarily representative of the results we would have achieved as an independent, publicly-traded company and may not be a reliable indicator of our future results. We are under no obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements whether as a result of new information, future events or otherwise. More detailed information about these and other factors is set forth in Covidien's Annual Report on Form 10-K and other periodic filings with the SEC.

Financial Results – Non-GAAP*

<i>\$ Millions</i>	2008	2009
Adjusted Net Sales	\$10,301	\$10,323
% Change	+11%	- %
Operational Sales Growth**	+ 6%	+ 5%
<u>% of Adjusted Sales</u>		
Adjusted Gross Profit	52.0%	52.3%
Adjusted SG&A	28.3%	28.2%
Adjusted R&D	3.4%	3.9%
Adjusted Operating Income	\$2,095	\$2,077
% of Adjusted Sales	20.3%	20.1%

* Financial results are presented on a non-GAAP basis. See Appendix for reconciliation of GAAP to non-GAAP results.

** Operational sales growth, adjusted net sales percent change excluding the impact of foreign currency exchange, is a non-GAAP measure.

2010 Segment Sales Guidance

	2010 Net Sales Growth*
Medical Devices	9% to 12%
Pharmaceuticals	flat to +3%
Medical Supplies	2% to 5%
Total	6% to 9%

* Guidance ranges assume exchange rates remain at November 17, 2009 levels. Growth rates exclude Oxy ER.

2010 Guidance

<i>Millions</i>	2008	2009	2010 Guidance
Adjusted Operating Margin*	20.3%	20.1%	20% to 21%
Tax Rate**	29.5%	26.3%	21% to 23%
Weighted Avg. Diluted Shares Outstanding	505	505	flat to -1%
Capital Spending	\$429	\$412	\$425 - \$475

* Adjusted operating margin is calculated using adjusted operating income which excludes various items as described in the Appendix. Including those items, operating margin was 19.3% in 2008 and 17.4% for 2009.

** All tax rates exclude the impact of one-time items.



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Appendix



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2008 Financial Results

<i>\$ Millions</i>	2008	Non-GAAP Adjustments*	2008 As Adjusted
Net Sales	\$10,358	\$(57)	\$10,301
Gross Profit	5,415	(56)	5,359
<i>% of Sales</i>	52.3%		52.0%
Selling, Gen'l & Admin	2,923	9	2,914
<i>% of Sales</i>	28.2%		28.3%
R&D expenses	350	-	350
<i>% of Sales</i>	3.4%		3.4%
In-process R&D	22	22	-
Restructuring charges	77	77	-
Shareholder settlements	42	42	-
Operating Income	2,001	94	2,095
<i>% of Sales</i>	19.3%		20.3%

* \$9 million SG&A adjustment relates to Oxy ER.

2009 Financial Results

<i>\$ Millions</i>	2009	Non-GAAP Adjustments*	2009 As Adjusted
Net Sales	\$10,677	\$(354)	\$10,323
Gross Profit	5,739	(341)	5,398
<i>% of Sales</i>	53.8%		52.3%
Selling, Gen'l & Admin	3,086	172	2,914
<i>% of Sales</i>	28.9%		28.2%
R&D expenses	438	31	407
<i>% of Sales</i>	4.1%		3.9%
In-process R&D	115	115	-
Restructuring charges	61	61	-
Shareholder settlements	<u>183</u>	<u>183</u>	<u>-</u>
Operating Income	1,856	221	2,077
<i>% of Sales</i>	17.4%		20.1%

* SG&A adjustment: \$94MM legal settlements, \$53MM environmental charge, \$21MM loss on divestiture, \$3MM Disc. Ops., \$1MM Oxy ER. R&D adjustment relates to \$30MM upfront fees and milestone payments for Pharmaceuticals licensing agreements and \$1MM Disc. Ops.

Non-GAAP Financial Measures

This presentation discusses measures which may be considered “non-GAAP” financial measures under applicable Securities and Exchange Commission rules and regulations. These non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with generally accepted accounting principles. The definition of these non-GAAP measures may differ from similarly titled measures used by others.

The Company generally uses non-GAAP financial measures to facilitate management’s internal comparisons to Covidien’s historical operating results, to competitors’ operating results, and to provide greater transparency to investors of supplemental information used by management in its financial and operational decision-making, including to evaluate Covidien’s operating performance and to determine management incentive compensation.

The Company presents its operating margin forecast before special items to give investors a perspective on the expected underlying business results. Because the Company cannot predict the timing and amount of such items and the associated charges or gains that will be recorded in the Company’s financial statements, it is difficult to include the impact of those items in the forecast.

The following is a list of some of the non-GAAP financial measures discussed in this presentation:

Adjusted Net Sales: Net sales excluding sales of oxycodone extended-release tablets (Oxy ER)

Adjusted Gross Margin: Gross profit excluding Oxy ER and reclass of discontinued operations as a percent of adjusted net sales

Adjusted SG&A: SG&A excluding legal and environmental charges, loss on divestiture, reclass of discontinued operations and Oxy ER as a percent of adjusted net sales.

Adjusted R&D: R&D excluding upfront fees and milestone payments for Pharmaceuticals licensing agreements and reclass of discontinued operations as a percent of adjusted net sales

Adjusted Operating Income: Operating income excluding the items noted above, as well as charges for shareholder settlements, net of insurance recoveries, restructuring charges and in-process R&D.

Adjusted Operating Income Margin: Adjusted Operating Income / Adjusted Net Sales (expressed as a percentage).

Operational sales growth: Year over year adjusted net sales increase excluding the impact of foreign exchange, expressed as a percentage.

Additional information is available in the Investor Relations section of www.covidien.com