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Lazard Capital Markets Healthcare Conference 2010

Cole Lannum - Vice President
Investor Relations Officer

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 payors 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

Forward-Looking Statements (cont.)

- Product liability losses and other litigation liability
- Prices for oil, gas and other commodities
- 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.

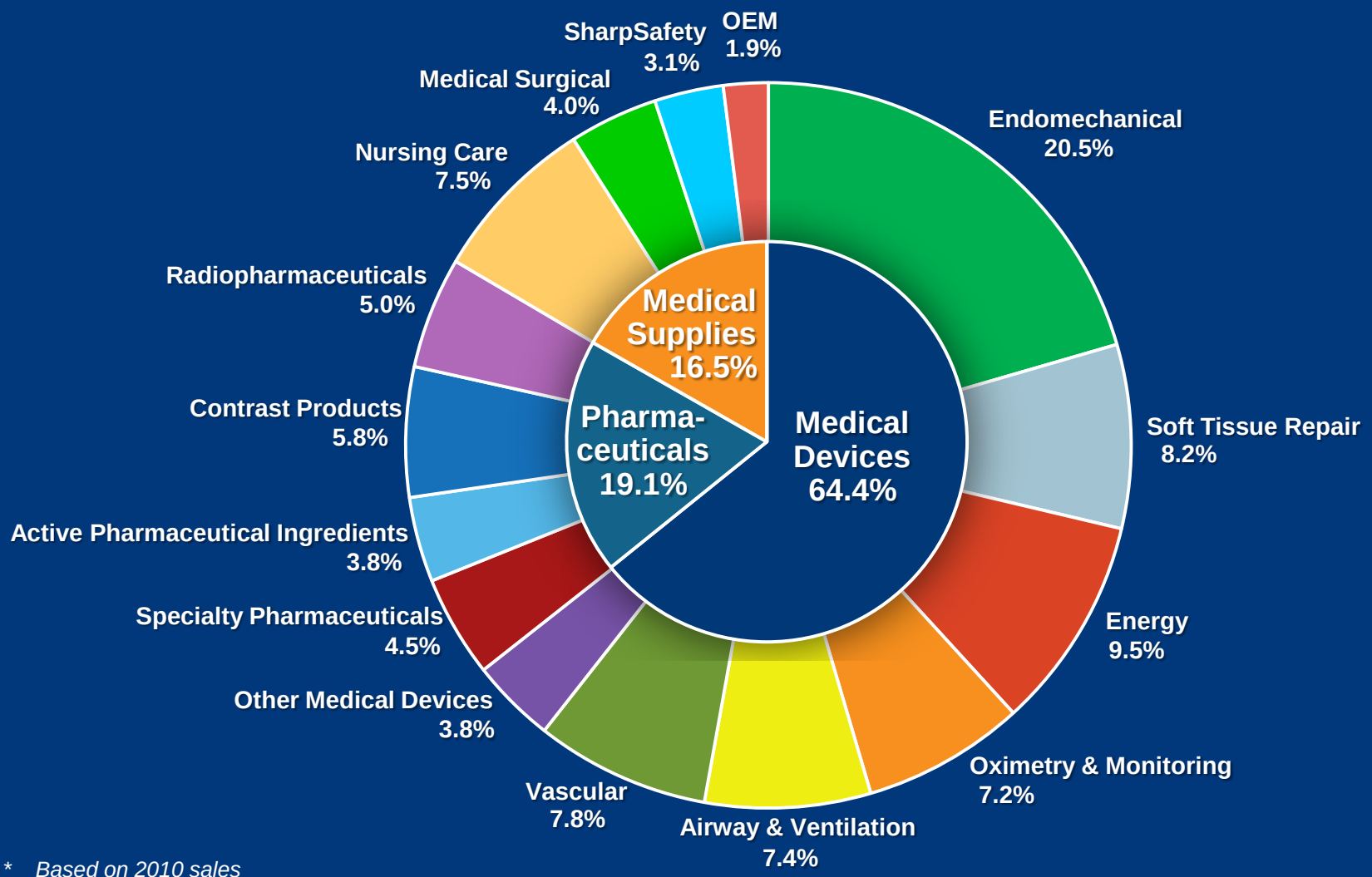
What's Going Well For Us…

- Increased investments have strengthened Covidien
  - Selling & marketing
  - Research & development
- Executed planned portfolio optimization
- Improved gross and operating margins
- Implemented tax planning strategies that lowered tax rate
- Expanded share repurchase program and increased dividend

What Are Our Major Challenges…

- Current market environment
- Competitive reaction to our market success
- Top-line growth rejuvenation
- Leverage cash flow for long-term profitable growth and increased shareholder value

Broad Product Portfolio



* *Based on 2010 sales*

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Long-term Financial Goals

Mid-single digit sales growth

Double-digit EPS growth

- Increase gross margin
- Leverage SG&A
- Improve operating margin
- Lower effective tax rate

Leveraging cash flow for long-term profitable growth

- Investments in R&D, acquisitions
- Interest reduction; stock buyback

Balance short-term growth and long-term investment

Financial Results – Non-GAAP*

$ Millions, except per share amounts	2009	2010	2011 Guidance
Adjusted Net Sales	$9,909	$10,429	
% Change	+ 1%	+ 5%	6% - 9%
Operational Sales Growth**	+ 5%	+ 3%	
Gross Margin*	53.4%	56.0%	
Operating Income*	$2,025	$2,261	
% of Adjusted Sales	20.4%	21.7%	21% - 22%
Diluted earnings per share*	$ 2.78	$ 3.38	
% change	+ 6%	+ 22%	
Free Cash Flow***	$1,445	$1,785	$1,600+

** See Appendix for reconciliation of GAAP to non-GAAP results.*
*** Operational sales growth is adjusted net sales percent change excluding the impact of foreign currency exchange.*
**** 2010 Free cash flow is an approximation. Final data will be included in Covidien's 10-K, which will be filed shortly.*

2011 Segment Sales Guidance

	2011 Net Sales Growth*
Medical Devices	10% to 13%
Pharmaceuticals	(5%) to flat
Medical Supplies	flat to 3%
Total	**6% to 9%**

** Guidance ranges assume exchange rates remain at September 15, 2010 levels.*

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Appendix

2009 Financial Results

$ Millions	2009	Non-GAAP Adjustments	2009 As Adjusted
Net Sales	$10,263	$(354)	$9,909
Gross Profit	5,641	346	5,295
% of Sales	*55.0%*		*53.4%*
Selling, Gen'l & Admin*	3,042	(169)	2,873
% of Sales	*29.6%*		*29.0%*
R&D expenses**	427	(30)	397
% of Sales	*4.2%*		*4.0%*
In-process R&D	115	(115)	-
Restructuring charges	61	(61)	-
Shareholder settlements	183	(183)	-
Operating income	$1,813	$212	$2,025
% of Sales	*17.7%*		*20.4%*

** $169MM SG&A adjustment includes $94MM legal and $53MM environmental charges, $21MM loss on divestiture and $1MM Oxy ER.*
*** The $30MM R&D adjustment includes upfront fees and milestone payments for Pharmaceuticals licensing agreements.*

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2009 Financial Results

$ Millions, except per share amounts	2009	Non-GAAP Adjustments	2009 As Adjusted
Operating income	$1,813	$212	$2,025
Net interest expense	(151)		(151)
Other income	145	(126)	19
Pre-tax income	1,807	86	1,893
Tax Rate	*47.9%*		*25.9%*
Income tax expense	865	(375)	490
Income from continuing operations	$ 942	$461	$1,403
Diluted earnings per share*	$1.86	$0.92	$2.78

** From continuing operations*

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2010 Financial Results

$ Millions	2010	Non-GAAP Adjustments	2010 As Adjusted
Net Sales	$10,429		$10,429
Gross Profit*	5,805	$33	5,838
% of Sales	*55.7%*		*56.0%*
Selling, Gen'l & Admin**	3,219	(89)	3,130
% of Sales	*30.9%*		*30.0%*
R&D expenses	447		447
% of Sales	*4.3%*		*4.3%*
Restructuring charges	76	(76)	-
Operating income	$2,063	$198	$2,261
% of Sales	*19.8%*		*21.7%*

** $33MM Gross profit adjustment relates to inventory write-up included in transaction costs.*
*** $89MM SG&A adjustment relates to $33MM in legal charges, $25MM loss on divestiture and $31MM of transaction costs.*

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2010 Financial Results

$ Millions, except per share amounts	2010	Non-GAAP Adjustments	2010 As Adjusted
Operating income	$2,063	$198	$2,261
Net interest expense	(177)	13	(164)
Other income	40	(21)	19
Pre-tax income	1,926	190	2,116
Tax Rate	*18.8%*		*19.5%*
Income tax expense	363	(50)	413
Income from continuing operations	$1,563	$140	$1,703
Diluted earnings per share*	$3.10	$0.28	$3.38

** From continuing operations*

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Free Cash Flow Reconciliation

$ Millions	Net cash provided by continuing operating activities	Capital expenditures	Free cash flow
2009	1,829	384	1,445
2010*	2,186	401	1,785

** 2010 Free Cash Flow is an approximation. Final data will be included in Covidien's 10-K, which will be filed shortly.*

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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 the non-GAAP financial measures which may be discussed in this presentation:

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

Adjusted Operating Income: Operating income excluding Oxy ER and excluding charges for shareholder settlement, net of insurance recoveries, restructuring charges, legal settlements, licensing fees, loss on divestiture, environmental charge, transaction costs and in-process R&D.

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

Free Cash Flow: Net cash provided by continuing operating activities less capital expenditures.

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

Return on Invested Capital (ROIC): Adjusted income from continuing operations plus after-tax interest expense divided by total assets less total liabilities. Total assets exclude cash and cash equivalents, notes receivable and tax related assets. Total liabilities exclude tax related liabilities and debt.

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