

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

(Unaudited)
(in millions, except per share data)

| | Three months ended October 28, 2005 | | | U.S. GAAP As Reported | Three months ended October 29, 2004 | |
|---|--|---------------------|-----------------|--------------------------|--|--|
| | Before Special Charges | Special Charges (1) | | | U.S. GAAP As Reported | |
| Net sales | \$ 2,765.4 | \$ - | \$ 2,765.4 | | \$ 2,399.8 | |
| Costs and expenses | | | | | | |
| Cost of products sold | 694.8 | - | 694.8 | | 584.8 | |
| Research and development expenses | 275.4 | - | 275.4 | | 232.7 | |
| Selling, general, and administrative expenses | 903.2 | - | 903.2 | | 772.0 | |
| Special charges | - | 100.0 | 100.0 | | - | |
| Other expense, net | 40.5 | - | 40.5 | | 62.9 | |
| Interest income | (13.4) | - | (13.4) | | (7.1) | |
| Total costs and expenses | <u>1,900.5</u> | <u>100.0</u> | <u>2,000.5</u> | | <u>1,645.3</u> | |
| Earnings (loss) before income taxes | 864.9 | (100.0) | 764.9 | | 754.5 | |
| Provision for income taxes | <u>207.8</u> | <u>(259.4)</u> | <u>(51.6)</u> | | <u>218.8</u> | |
| Net earnings | <u>\$ 657.1</u> | <u>\$ 159.4</u> | <u>\$ 816.5</u> | | <u>\$ 535.7</u> | |
| Earnings (loss) per share: | | | | | | |
| Basic | <u>\$ 0.54</u> | <u>\$ 0.13</u> | <u>\$ 0.68</u> | | <u>\$ 0.44</u> | |
| Diluted | <u>\$ 0.54</u> | <u>\$ 0.13</u> | <u>\$ 0.67</u> | | <u>\$ 0.44</u> | |
| Weighted average shares outstanding | | | | | | |
| Basic | 1,208.6 | | 1,208.6 | | 1,209.5 | |
| Diluted | 1,222.5 | | 1,222.5 | | 1,221.4 | |

(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 special (such as certain litigation, restructuring charges, and certain tax adjustments) and IPR&D charges. These charges result from facts and circumstances that vary in frequency and/or impact on continuing operations. In addition, Medtronic management uses results of operations before special and IPR&D charges 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.

MEDTRONIC, INC.
RECONCILIATION OF CONSOLIDATED GAAP EARNINGS
TO CONSOLIDATED NON-GAAP EARNINGS
(Unaudited)
(in millions, except per share data)

| | Six months ended October 28, 2005 | | | Six months ended October 29, 2004 |
|---|--------------------------------------|----------------------------------|--------------------------|--------------------------------------|
| | Before Special and IPR&D Charges | Special and IPR&D Charges (1) | U.S. GAAP As Reported | U.S. GAAP As Reported |
| Net sales | \$ 5,455.8 | \$ - | \$ 5,455.8 | \$ 4,745.9 |
| Costs and expenses | | | | |
| Cost of products sold | 1,348.6 | - | 1,348.6 | 1,135.1 |
| Research and development expenses | 538.6 | - | 538.6 | 462.4 |
| Selling, general, and administrative expenses | 1,785.6 | - | 1,785.6 | 1,541.7 |
| Special charges | - | 100.0 | 100.0 | - |
| Purchased in-process research and development (IPR&D) | - | 363.8 | 363.8 | - |
| Other expense | 91.5 | - | 91.5 | 117.5 |
| Interest income | (28.8) | - | (28.8) | (11.4) |
| Total costs and expenses | <u>3,735.5</u> | <u>463.8</u> | <u>4,199.3</u> | <u>3,245.3</u> |
| Earnings (loss) before income taxes | 1,720.3 | (463.8) | 1,256.5 | 1,500.6 |
| Provision for income taxes | 447.3 | (327.9) | 119.4 | 435.2 |
| Net earnings (loss) | <u>\$ 1,273.0</u> | <u>\$ (135.9)</u> | <u>\$ 1,137.1</u> | <u>\$ 1,065.4</u> |
| Earnings (loss) per share: | | | | |
| Basic | <u>\$ 1.05</u> | <u>\$ (0.11)</u> | <u>\$ 0.94</u> | <u>\$ 0.88</u> |
| Diluted | <u>\$ 1.04</u> | <u>\$ (0.11)</u> | <u>\$ 0.93</u> | <u>\$ 0.87</u> |
| Weighted average shares outstanding | | | | |
| Basic | 1,209.6 | | 1,209.6 | 1,209.3 |
| Diluted | 1,222.4 | | 1,222.4 | 1,221.2 |

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