Medtronic News

Medtronic Annual Revenue Exceeds \$11.3 Billion on Record Fourth Quarter Results; Business Unit and Geographic Balance Underscore Continued Growth

MINNEAPOLIS--(BUSINESS WIRE)--May 23, 2006--Medtronic, Inc. (NYSE:MDT):

- Annual Revenue of \$11.3 Billion Grew 12% (13% Constant Currency Growth); Fourth Quarter Revenue of \$3.1 Billion Grew 11% (13% Constant Currency Growth)
- Fourth Quarter Diluted Earnings Per Share of \$0.62 Grew 288% (17% as Adjusted)
- Annual R&D Expenditures of \$1.1 Billion Grew 17%
- The Company Repurchased 69 Million Shares (\$3.6 Billion) During The Year

Medtronic, Inc. (NYSE:MDT) today announced financial results for its fiscal year and fourth guarter ended April 28, 2006.

Medtronic recorded fiscal year 2006 revenue of \$11.303 billion, a 12 percent increase over the \$10.055 billion in fiscal year 2005. On a constant currency basis, growth was 13 percent with a negative currency translation impact of \$118 million. As reported fiscal year 2006 net earnings were \$2.553 billion, or \$2.10 per diluted share, an increase of 42 percent over the prior year. Before IPR&D (In-Process Research and Development) and other charges detailed in the attached table, net earnings for fiscal year 2006 were \$2.689 billion, or \$2.21 per diluted share, an increase of 18 percent and 19 percent over the comparable amounts in fiscal year 2005.

Fiscal fourth quarter revenue increased 11 percent to \$3.077 billion from the \$2.778 billion reported a year ago. On a constant currency basis, growth was 13 percent with a negative currency translation impact of \$69 million. Reported fourth quarter net earnings were \$747 million, or \$0.62 per diluted share, an increase of 284 percent and 288 percent over the prior year. Excluding certain litigation charges and a one-time tax charge included in the prior year fourth quarter, net earnings and earnings per share increased 16 percent and 17 percent.

"Medtronic's strong annual and fourth quarter performance reflects the balance of our portfolio and underscores the importance of maintaining a diversified business," said Art Collins, Medtronic chairman and chief executive officer. "During this past fiscal year, revenue in six of our seven businesses reported double-digit growth. These six businesses also comprise 94 percent of total Medtronic revenue in the fiscal year. We are encouraged by the strength of our new product pipeline and continue to make major investments to support growth in the coming fiscal year and beyond."

Cardiac Rhythm Disease Management Business

Cardiac Rhythm Disease Management (CRDM) reported annual revenue of \$5.218 billion and fourth quarter revenue of \$1.398 billion, representing growth of 13 percent and 10 percent. Medtronic's largest product line, Implantable Cardioverter Defibrillators (ICDs), generated annual revenue of \$2.941 billion, an increase of 24 percent (25 percent constant currency). Quarterly ICD revenue of \$768 million grew 12 percent (14 percent constant currency). On a sequential basis, the overall ICD market grew \$74 million over the third quarter with Medtronic capturing more than 60 percent of this growth. ICD revenue gains underscore the strength of Medtronic's product line and sales and technical support teams. Worldwide pacing revenue of \$467 million in the quarter grew 7 percent (11 percent constant currency).

Emergency Response Systems reported fourth quarter revenue of \$144 million, an increase of 14 percent (16 percent constant currency) reflecting the resolution of previously disclosed supplier issues.

CRDM quarterly highlights include:

-- Enrollment commenced in a clinical trial for Chronicle(R) ICD,

a new heart failure device that combines the capabilities of an ICD with a new technology that continuously records pressure inside the heart and alerts physicians to potential heart-failure complications.

- -- The EnRhythm(R) pacemaker, with Medtronic's unique managed ventricular pacing (MVP) feature, helped drive 18 percent pacing growth in the U.S., the strongest performance in over four years.
- The Medtronic CareLink(R) Network continued to expand, with more than 66,000 patients now being monitored by more than 875 clinics.

Key developments expected during the first half of fiscal 2007 include the full U.S. market launch of the Concerto(TM) CRT-D and Virtuoso(TM) ICD, which received U.S. FDA approval last week. In addition, the new Adapta(TM) portfolio of pacemakers is expected to be launched in the U.S. during the first quarter.

Spinal and Navigation Businesses

Spinal and Navigation reported annual revenue of \$2.244 billion and fourth quarter revenue of \$618 million, representing growth of 19 percent and 16 percent. Continuing a long track record of solid growth and market share leadership, fourth quarter Spinal revenue of \$582 million grew 17 percent (18 percent constant currency).

Spinal quarterly highlights include:

- Spinal Implant performance was once again led by the CD Horizon(R) Legacy family of lumbar products, which grew at 24 percent.
- -- Spinal Biologics revenue increased more than 35 percent as surgeon demand for INFUSE(R) bone graft increased in both spinal and trauma indications. In addition, the largest ever grant was made to the Orthopedic Trauma Association to support an independent multi-center clinical study on rhBMP-2 in extremity trauma.
- -- The DIAM(TM) minimally invasive posterior dynamic stabilization product received FDA IDE approval to begin the pivotal U.S. clinical trial. This study, the first of three planned trials, will take place at 24 centers, enrolling about 430 patients.

Looking ahead, several new products are expected to be launched in the first half of fiscal 2007, including the Direct Lateral family of MAST(TM) products and a new product targeted at the vertebral compression fracture market.

Neurological Business

Neurological reported annual revenue of \$1.016 billion and fourth quarter revenue of \$282 million, representing 10 percent growth. The segment's largest business, Neuro Implantables, generated fourth quarter revenue of \$240 million, increasing 17 percent (20 percent constant currency).

Neurological quarterly highlights include:

- U.S. FDA approval was received for the RestorePRIME(TM) Neuromodulation System for the treatment of chronic pain.
- Medtronic's Activa(R) Therapy for the treatment of Parkinson's disease was upgraded by the American Academy of Neurology to the status of a treatment option for patients with motor complications.
- Plans were announced to significantly increase the investment in clinical trials for the company's Neurological therapies, including: deep brain stimulation for the treatment of Parkinson's disease, epilepsy, and depression; spinal cord

stimulation for back pain; sacral nerve stimulation for overactive bladder; transurethral needle ablation for enlarged prostate; and intrathecal baclofen for severe spasticity.

Key developments in the first half of fiscal 2007 are expected to include the commercial release of the new PROSTIVA(TM) RF Therapy system, a next generation device for treating enlarged prostate, which received U.S. FDA approval earlier this week. In addition, the new InterStim(R) II system for the treatment of overactive bladder and urinary retention is expected to be launched in the first quarter.

Vascular Business

Vascular reported annual revenue of \$939 million and fourth quarter revenue of \$273 million, representing 10 percent and 18 percent growth. Strong fourth quarter results were driven by Coronary Vascular which generated revenue of \$206 million, representing growth of 21 percent (27 percent constant currency).

Vascular quarterly highlights include:

- -- The Endeavor(R) Drug-Eluting Coronary Stent, now commercially released in nearly 100 countries outside the U.S., generated fourth quarter revenue of \$59 million. Endeavor market share averages about 20 percent in markets where the product has been fully commercialized.
- -- Long term results from the ENDEAVOR III clinical trial were presented at the American College of Cardiology Annual Scientific Sessions in Atlanta in March, demonstrating consistent clinical efficacy and a strong safety profile.
- The AneuRx(R) AAAdvantage(TM) abdominal aortic aneurysm stent graft with the Xcelerant(R) delivery system received U.S. FDA approval.
- -- CE Mark approval was received for the Exponent(R) RX Self-Expanding Carotid Stent and Interceptor(TM) PLUS Carotid Filter System, Medtronic's next generation products providing patients with a new minimally invasive treatment option for the prevention of stroke.

Other recent developments include continued strong long-term clinical results from the ENDEAVOR I and ENDEAVOR II trials, which were presented last week at the Paris Course on Revascularization. Endeavor's PMA submission remains on track and U.S. FDA approval is still expected in calendar year 2007.

Diabetes Business

Diabetes reported annual revenue of \$722 million and fourth quarter revenue of \$188 million, representing growth of 11 percent and 5 percent.

Diabetes quarterly highlights include:

- Fourth quarter results were driven by strong sales of insulin pumps, which grew 18 percent in the U.S.
- Late in the quarter, Medtronic received U.S. FDA approval for the Paradigm(R) REAL-Time Insulin and Continuous Glucose Monitoring System, the world's first insulin pump integrated with continuous glucose monitoring.

Looking ahead, key developments in the first half of fiscal 2007 are to expected to include the full launch of the Paradigm REAL-Time system in the U.S., the expected U.S. FDA approval of the Guardian(R) REAL-Time Continuous Glucose Monitoring System, and continued progress in the STAR (Sensor-augmented pump Therapy for A1c Reduction) trials.

Cardiac Surgery Business

Cardiac Surgery reported annual revenue of \$663 million and fourth quarter revenue of \$183 million, representing a decline of 1 percent. Fourth quarter results were bolstered by Perfusion Systems, which grew modestly despite a declining market. In the first half of fiscal 2007, Medtronic expects to launch two new heart valve tissue repair products in the U.S. and to commence the European release of Melody(TM), expected to be the first commercially available pulmonic transcatheter heart valve.

Ear, Nose and Throat Business

For the first time, Medtronic reported annual and quarterly results for the Ear, Nose and Throat (ENT) business segment. In addition to ENT products, the business segment includes all products previously classified in Medtronic's Neurologic Technologies business. ENT reported annual revenue of \$501 million and fourth quarter revenue of \$135 million, representing 9 percent and 7 percent growth. Fourth quarter results were driven by the core ENT business, which grew 11 percent. In the first half of fiscal 2007, the Company expects to benefit from continued strength in powered surgical tools, image guided surgery and nerve monitoring.

Convertible Debt Offering

During the quarter, the Company issued \$4.4 billion of convertible senior notes at very attractive after-tax financing rates. \$2.5 billion of the proceeds were used to repurchase 49 million shares of Medtronic stock. Including these shares, the Company repurchased almost 69 million shares of common stock for \$3.6 billion during fiscal year 2006. "These transactions were oversubscribed and reflect the financial strength of Medtronic," stated Gary Ellis, Medtronic chief financial officer. "The debt offering allowed us to repurchase Medtronic stock at very favorable rates and to prepare for the potential retirement of previously existing debt."

Concluding Comments

In reviewing the quarter, Collins concluded, "Medtronic's overall competitive position remains strong as we continue lead in a number of the most attractive segments of the medical technology industry. Many of these markets are still very underpenetrated, offering a great deal of growth potential for years to come. To address this potential, we will continue to bring forward new products and work to reach more of the patients who will benefit from our therapies."

Webcast Information

Medtronic will host a webcast today, May 23 at 4:30 pm EDT (3:30 CDT), to provide information about its businesses for the public, analyst and news media. This quarterly webcast can be accessed by clicking on the Investor Relations link on the Medtronic home page at www.medtronic.com., and this earnings release will be archived at www.medtronic.com/newsroom. Within 24 hours, a replay of the webcast and a transcript of the company's prepared remarks will be available in the "Presentations & Transcripts" section of the Investor Relations homepage.

Medtronic, Inc., headquartered in Minneapolis, is the world's leading medical technology company, alleviating pain, restoring health and extending life for people with chronic disease. Its Internet address is www.medtronic.com.

This press release contains forward-looking statements, including statements regarding clinical trials, new products, market growth and other developments, which are subject to risks and uncertainties, such as competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of medical products, government regulation, general economic conditions and others described in Medtronic's Quarterly Report on Form 10-Q for the quarter ended January 27, 2006. Actual results may differ materially from anticipated results. Medtronic does not undertake to update its forward-looking statements.

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

Three months ended Twelve months ended

April 28, April 29, April 28, April 29, 2006 2005 2006 2005

Net sales \$3,077.4 \$2,778.0 \$11,302.7 \$10,054.6

Costs and expenses:

Cost of products sold 768.7 705.7 2,816.0 2,446.4

Research and development

expense 294.0 247.9 1,112.9 951.3 Selling, general and

administrative expense 975.2 857.7 3,660.5 3,213.6 Special charges - 100.0 -

Certain litigation charges - 630.1 - 654.4

Purchased in-process

research and development (IPR&D) - - 363.8 - Other expense, net 65.6 78.4 166.7 290.5 Interest income (34.9) (20.7) (87.4) (45.1)

-----Total costs and expenses 2,068.6 2,499.1 8,132.5 7,511.1

Earnings before income taxes 1,008.8 278.9 3,170.2 2,543.5

Provision for income taxes 262.2 84.5 616.9 739.6

\$746.6 \$194.4 \$2,553.3 \$1,803.9 Net earnings

Earnings per share:

\$0.63 \$0.16 \$2.12 \$1.49 Basic

______ \$0.62 \$0.16 \$2.10 \$1.48

Diluted _____

Weighted average shares

outstanding:

1,193.7 1,208.9 1,204.5 1,209.0 Basic 1,193.7 1,208.9 1,204.5 1,209.0 1,204.4 1,221.5 1,217.3 1,220.8 Diluted

MEDTRONIC, INC.

RECONCILIATION OF CONSOLIDATED GAAP NET EARNINGS TO CONSOLIDATED ADJUSTED NET EARNINGS

(Unaudited)

(in millions)

Three months ended Three months ended

April 28, 2006 April 29, 2005

Net earnings, as reported \$746.6 \$194.0 Certain litigation charges - 402.5 (a) Income tax adjustments - \$48.5 (b) \$194.4 \$48.5 (b)

Adjusted net earnings \$746.6 \$645.4

MEDTRONIC, INC. RECONCILIATION OF CONSOLIDATED GAAP DILUTED EPS TO CONSOLIDATED ADJUSTED DILUTED EPS

Three months ended Three months ended April 28, 2006 April 29, 2005

Diluted EPS, as reported \$0.62 \$0.16
Certain litigation charges - 0.33 (a)
Income tax adjustments - \$0.04 (b)

Adjusted diluted EPS \$0.62 \$0.53

- (a) The \$402.5 million (\$0.33 per share) after-tax certain litigation charge (\$630.1 million pre-tax) is related to the settlement of a legal dispute with Gary Michelson, M.D. and Karlin Technology, Inc. (Michelson) and an arbitrator's decision related to litigation with ETEX Corporation. In addition to disclosing certain litigation charges that are determined in accordance with U.S. generally accepted accounting principles (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 litigation charges. Management believes that this 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 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.
- (b) The \$48.5 million (\$0.04 per share) tax adjustment related to the deferred tax liability associated with the repatriation of earnings of our foreign subsidiaries which occurred in the fourth guarter of fiscal year 2006. In addition to disclosing the provision for income taxes that is determined in accordance with 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 tax adjustment. Management believes that this 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, specifically the effective tax rate. Medtronic management eliminates this tax adjustment 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.

MEDTRONIC, INC.
RECONCILIATION OF CONSOLIDATED GAAP NET EARNINGS
TO CONSOLIDATED ADJUSTED NET EARNINGS
(Unaudited)
(in millions)

Twelve months ended Twelve months ended April 28, 2006 April 29, 2005

Net earnings, as

reported \$2,553.3 \$1,803.9

Special charges 65.6 (a) Certain litigation

charges - 418.1 (d) IPR&D charges 295.3 (b) -

Income tax adjustments (225.0)(c) 48.5 (e)

Adjusted net earnings \$2,689.2 \$2,270.5

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

Twelve months ended Twelve months ended April 28, 2006 April 29, 2005

Diluted EPS, as reported \$2.10 \$1.48 Special charges 0.05 (a)

Certain litigation

charges

0.34 (d)

IPR&D charges

0.24 (b)

Income tax adjustments

(0.18)(c)

0.04 (e)

Adjusted diluted EPS

\$2.21

\$1.86 _____

(a) The \$65.6 million (\$0.05 per share) special charge represents an after-tax charitable donation (\$100.0 million pre-tax) made to The Medtronic Foundation. In addition to disclosing special charges that are determined in accordance with 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 donation. The Company has not made a similar donation to The Medtronic Foundation since fiscal year 2002. Management believes that this 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 this donation 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.

- (b) The \$295.3 million (\$0.24 per share) after-tax IPR&D charges (\$363.8 million pre-tax) represents the cumulative impact of pre-tax charges of \$168.7 million related to technology acquired through the purchase of Transneuronix, Inc. that had not yet reached technological feasability and had no future alternative use, \$175.1 million related to the purchase of spinal technology based devices owned by Michelson that had not yet reached technological feasability and had no future alternative use, and \$20.0 million related to a cross-licensing agreement with NeuroPace, Inc. for patent and patent applications on products that had not yet reached technological feasability and had no future alternative use, collectively the IPR&D charges. In addition to disclosing IPR&D charges that is determined in accordance with 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 IPR&D charges. These IPR&D charges resulted from facts and circumstances that vary in frequency and/or impact on continuing operations. Management believes that this 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 IPR&D 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.
- (c) The \$225.0 million (\$0.18 per share) tax adjustment represents a \$225.0 million tax benefit associated with the reversal of reserves resulting from favorable agreements reached with the U.S. Internal Revenue Service involving the review of fiscal years 1997 through 2002 domestic income tax returns. In addition to disclosing the provision

for income taxes that is determined in accordance with 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 tax adjustment. Management believes that this 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, specifically the effective tax rate. Medtronic management eliminates this tax adjustment 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.

- (d) The \$418.1 million (\$0.34 per share) after-tax certain litigation charge (\$654.4 million pre-tax) is related to the DuPuy/AcroMed, Inc. litigation, the settlement of a legal dispute with Michelson and an arbitrator's decision related to litigation with ETEX Corporation. In addition to disclosing certain litigation charges that are determined in accordance with 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 litigation charges. Management believes that this 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 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.
- e) The \$48.5 million (\$0.04 per share) tax adjustment is related to the deferred tax liability associated with the repatriation of earnings of our foreign subsidiaries which occurred in the fourth guarter of fiscal year 2006. In addition to disclosing the provision for income taxes that is determined in accordance with 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 tax adjustment. Management believes that this 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, specifically the effective tax rate. Medtronic management eliminates this tax adjustment 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 GAAP. In addition, this non-GAAP financial measure may not be the same as similar measures presented by other companies.

Medtronic, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(dollars in millions)

Fiscal Year -----2006 2005

Operating Activities:

Net earnings \$2,553.3 \$1,803.9 Adjustments to reconcile net earnings to net cash provided by operating activities:

provided by operating activities.

Depreciation and amortization 543.6 463.3

IPR&D

363.8 ---- 654.4

Certain litigation charges
Provision for doubtful accounts

11.5 26.3

Tax benefit from exercise of stock awards 98.9 60.8 Deferred income taxes 104.7 (142.5) Change in operating assets and liabilities: Accounts receivable (197.9) (254.0) Inventories (258.0) (51.3) Prepaid expenses and other assets (85.6) (107.3) Accounts payable and accrued liabilities (964.9) 423.2 Other long-term liabilities 38.0 (57.4) Net cash provided by operating activities 2,207.4 2,819.4 Investing Activities: Acquisitions, net of cash acquired (285.2) (107.9) Purchase of intellectual property (837.1) (10.0) Additions to property, plant and equipment (407.1) (452.0) Sales and maturities of marketable securities 6,626.8 807.5 Purchases of marketable securities (8,064.5) (1,805.3) Other investing activities, net 100.5 (35.2) Net cash (used in) investing activities (2,866.6) (1,602.9) Financing Activities:
Change in short-term borrowings, net
Payments on long-term debt
Issuance of long-term debt
Purchase of call option spread
Dividends to shareholders
Penurchase of common stock

Repurchase of common stock

Common stock Net cash provided by (used in) financing 1,316.4 (488.8) activities Effect of exchange rate changes on cash and cash equivalents 104.9 (89.2) -----Net change in cash and cash equivalents 762.1 638.5 Cash and cash equivalents at beginning of period 2,232.2 1,593.7 -----Cash and cash equivalents at end of period \$2,994.3 \$2,232.2 =========== Medtronic, Inc. Consolidated Balance Sheets (Unaudited) (dollars in millions, except share data)

> April 28, April 29, 2006 2005

Assets Current assets:

 Cash and cash equivalents
 \$2,994.3
 \$2,232

 Short-term investments
 3,107.1
 1,159.4

\$2,994.3 \$2,232.2

Accounts receivable, less allowances of \$183.6

and \$174.9, respectively 2,438.1 2,292.7

Inventories 1,177.8 981.4
Deferred tax assets, net 196.8 385.6

Prepaid expenses and other current assets

472.5 370.2

Total current assets 10,386.6 7,421.5

Property, plant and equipment, net 1,881.1 1,859.3 Goodwill 4,345.6 4,281.2

Other intangible assets, net

1,592.0 1,018.0

Long-term investments

957.0 1,565.7

Other assets

512.5 471.7

Total assets

\$19,674.8 \$16,617.4 _____

Liabilities and Shareholders' Equity Current liabilities:

Short-term borrowings

\$2,436.8 \$478.6

 Accounts payable
 318.6
 371.8

 Accrued compensation
 723.6
 542.2

 Accrued income taxes
 463.4
 923.3

 Other accrued expenses
 466.8
 1,064.1

Total current liabilities 4,409.2 3,380.0

Long-term debt5,486.31,973.2Deferred tax liabilities, net22.1478.1Long-term accrued compensation188.9157.9Other long-term liabilities179.2178.7

Total liabilities 10,285.7 6,167.9

Shareholders' equity:

Accumulated other non-owner changes in equity 154.8 150.0

Total shareholders' equity 9,389.1 10,449.5

Total liabilities and shareholders' equity \$19,674.8 \$16,617.4

MEDTRONIC, INC.
REVENUE BY OPERATING SEGMENT (Unaudited)

(\$ millions)

FY 05 FY 05 FY 05 FY 05 QTR 1 QTR 2 QTR 3 QTR 4 TOTAL

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REPORTED REVENUE:

CARDIAC RHYTHM DISEASE

 MANAGEMENT
 \$1,097
 \$1,104
 \$1,150
 \$1,265
 \$4,616

 Low Power Pacing
 451
 438
 431
 436
 1,756

 High Power Defibrillation Emergency Response
 551
 546
 598
 684
 2,379

Systems 79 104 104 126 413 Other 16 16 17 19 68

SPINAL & NAVIGATION \$426 \$451 \$475 \$532 \$1,884

 Spinal Constructs
 317
 332
 343
 380
 1,372

 Spinal Biologics
 89
 99
 107
 118
 413

 Navigation
 20
 20
 25
 34
 99

NEUROLOGICAL \$212 \$224 \$233 \$258 \$927 Neuro Implantables 170 179 184 206 739

Gastroenterology &

Urology 42 45 49 52 188

VASCULAR \$196 \$201 \$221 \$233 \$851 Stents 71 78 86 82 317

 Other Coronary
 71
 71
 77
 89
 308

 Endovascular/Peripheral
 54
 52
 58
 62
 226

DIABETES \$146 \$153 \$171 \$179 \$649

CARDIAC SURGERY \$161 \$159 \$164 \$185 \$669

 Valves
 56
 54
 56
 64
 230

 Perfusion
 79
 79
 80
 89
 327

Cardiac Surgery

Technologies 26 26 28 32 112

Ear, Nose & Throat (ENT) \$108 \$108 \$117 \$126 \$459

ENT 58 55 61 67 241 Neurologic Technologies 50 53 56 59 218

TOTAL \$2,346 \$2,400 \$2,531 \$2,778 \$10,055

COMPARABLE OPERATIONS (1) \$2,311 \$2,360 \$2,472 \$2,746 \$9,889

FY 06 FY 06 FY 06 FY 06 QTR 1 QTR 2 QTR 3 QTR 4 TOTAL

REPORTED REVENUE:

CARDIAC RHYTHM DISEASE

 MANAGEMENT
 \$1,268
 \$1,289
 \$1,263
 \$1,398
 \$5,218

 Low Power Pacing
 446
 459
 426
 467
 1,798

 High Power Defibrillation
 718
 733
 723
 768
 2,941

Emergency Response

Systems 87 81 99 144 412 Other 17 16 15 19 67

SPINAL & NAVIGATION \$524 \$539 \$563 \$618 \$2,244

 Spinal Constructs
 376
 382
 387
 419
 1,566

 Spinal Biologics
 128
 134
 147
 163
 570

 Navigation
 20
 23
 29
 36
 108

NEUROLOGICAL \$235 \$252 \$247 \$282 \$1,016 Neuro Implantables 186 204 202 240 833

Gastroenterology &

Urology 49 48 45 42 183

VASCULAR \$205 \$225 \$236 \$273 \$939

 Stents
 65
 90
 96
 114
 366

 Other Coronary
 81
 78
 83
 92
 334

 Endovascular/Peripheral
 59
 57
 57
 67
 239

DIABETES \$173 \$178 \$182 \$188 \$722

CARDIAC SURGERY \$165 \$161 \$154 \$183 \$663

 Valves
 58
 56
 52
 63
 229

 Perfusion
 79
 78
 75
 89
 321

Cardiac Surgery

Technologies 28 27 27 31 113

Ear, Nose & Throat (ENT) \$120 \$121 \$125 \$135 \$501

ENT 65 64 65 72 266 Neurologic Technologies 55 57 60 63 235

TOTAL \$2,690 \$2,765 \$2,770 \$3,077 \$11,303

ADJUSTMENTS:

CURRENCY (1) \$26 \$(3) \$(72) \$(69) \$(118)

COMPARABLE OPERATIONS (1) \$2,664 \$2,768 \$2,842 \$3,146 \$11,421

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Note: The data in this schedule has been intentionally rounded to the nearest million and therefore the quarterly revenues may not sum to the fiscal year to date revenues.

Please <u>click here</u> to view Medtronic, Inc. latest financial tables.

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⁽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.

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SOURCE: Medtronic, Inc.

https://news.medtronic.com/2006-05-23-Medtronic-Annual-Revenue-Exceeds-11-3-Billion-on-Record-Fourth-Quarter-Results-Business-Unit-and-Geographic-Balance-Underscore-Continued-Growth