

Medtronic Reports Second Quarter Earnings

*Revenue of \$4.4 Billion Grew 5% on Constant Currency Basis; 4% as Reported
Non-GAAP Diluted EPS of \$0.96, Growth of 5%; GAAP Diluted EPS of \$0.83, Decline of 7%
Company Updates FY15 Revenue Growth Outlook; Reiterates FY15 EPS Guidance
Company Reaffirms Commitment to Covidien Transaction*

MINNEAPOLIS - Nov. 18, 2014 - Medtronic, Inc. (NYSE: MDT) today announced financial results for its second quarter of fiscal year 2015, which ended October 24, 2014.

The company reported worldwide second quarter revenue of \$4.366 billion, compared to the \$4.194 billion reported in the second quarter of fiscal year 2014, an increase of 5 percent on a constant currency basis, after adjusting for a \$38 million foreign currency impact, or 4 percent as reported. As reported, second quarter GAAP net earnings were \$828 million, or \$0.83 per diluted share, a decrease of 8 percent and 7 percent, respectively, over the same period in the prior year. The decline in GAAP net earnings and earnings per share was a result of a \$100 million pre-tax charitable cash donation the company made to the Medtronic Foundation. Excluding this donation, as well as acquisition-related items primarily related to the pending acquisition of Covidien, second quarter net earnings and diluted earnings per share on a non-GAAP basis were \$952 million and \$0.96, an increase of 4 percent and 5 percent, respectively, over the same period in the prior year.

U.S. revenue of \$2.456 billion increased 5 percent. International revenue of \$1.910 billion increased 5 percent on a constant currency basis or 3 percent as reported. International sales accounted for 44 percent of Medtronic's worldwide revenue in the quarter. Emerging market revenue of \$554 million increased 12 percent on a constant currency basis or 10 percent as reported, and represented 13 percent of company revenue for the second quarter.

"Our second quarter performance was strong and well balanced across our businesses and geographies," said Omar Ishrak, Medtronic chairman and chief executive officer. "Revenue growth was at the upper end of our full-year revenue outlook and within our mid-single digit baseline goal, reflecting the strong execution of our global organization."

Cardiac and Vascular Group

The Cardiac and Vascular Group includes the Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic & Peripheral Vascular businesses. The Group had worldwide sales in the quarter of \$2.286 billion, representing an increase of 5 percent on a constant currency basis or 4 percent as reported. Group revenue performance was driven by growth in Low Power, Structural Heart, and AF & Other, partially offset by declines in Coronary and High Power. Group international sales of \$1.217 billion grew 4 percent on a constant currency basis and grew 2 percent as reported.

Cardiac Rhythm & Heart Failure revenue of \$1.320 billion grew 5 percent on a constant currency basis or 4 percent as reported. High Power revenue was \$670 million, a decrease of 5 percent on a constant currency basis. However, on a sequential basis, High Power grew 7 percent as the Viva(TM) XT CRT-D, with its AdaptivCRT® algorithm and Attain® Performa(TM) quadripolar lead successfully launched in the U.S. in the second quarter. Low Power revenue was \$524 million, an increase of 11 percent on a constant currency basis. Results continue to be driven by the strong ongoing global launch of the Reveal LINQ(TM) insertable cardiac monitor. AF Solutions grew over 30 percent on a constant currency basis, driven by robust global growth of our Arctic Front® CryoAblation System as well as strong double-digit growth from the international launch of our PVAC® Gold phased RF system.

Coronary & Structural Heart revenue of \$743 million grew 6 percent on a constant currency basis or 5 percent as reported. Coronary revenue of \$413 million declined 2 percent on a constant currency basis. The company's drug-eluting stent share remained stable in the U.S. and grew in international markets on the strength of the Resolute® Integrity® drug-eluting stent.

Structural Heart revenue of \$330 million grew 19 percent on a constant currency basis, driven by strong execution on the ongoing U.S. launch of the CoreValve® transcatheter aortic heart valve, as well as expansion into emerging markets.

Aortic & Peripheral Vascular revenue of \$223 million grew 3 percent on a constant currency basis or 2 percent as reported. In Aortic, the company's market-leading Endurant® II and Valiant® Captivia® stent grafts continued to drive growth in the AAA and Thoracic markets, respectively. In Peripheral, the IN.PACT® Admiral® and Pacific® drug-coated balloons for the SFA continued to deliver strong growth in international markets.

Restorative Therapies Group

The Restorative Therapies Group includes the Spine, Neuromodulation, and Surgical Technologies businesses. The Group had worldwide sales in the quarter of \$1.650 billion, representing an increase of 4 percent on a constant currency basis or 3 percent as reported. Group revenue performance was driven by growth in Surgical Technologies, Neuromodulation, and BMP. Group international sales of \$520 million increased 5 percent on a constant currency basis or 3 percent as reported.

Spine revenue of \$746 million grew 1 percent on a constant currency basis and was flat as reported. Core Spine revenue of \$551 million was flat on a constant currency basis. The company expects new product launches will continue to support improved Core Spine performance. Interventional Spine revenue of \$75 million declined 5 percent on a constant currency basis. BMP revenue of \$120 million increased 9 percent on a constant currency basis, reflecting continued stability in underlying demand.

Neuromodulation revenue of \$494 million increased 4 percent on a constant currency basis or 3 percent as reported, driven by solid growth in DBS and Gastro/Uro. The company's DBS and Gastro/Uro businesses continued to see strong new implant growth of the Activa® deep brain stimulation system and InterStim® Therapy, respectively. In Pain Stim, the business gained modest share globally on the continued strength of the RestoreSensor® SureScan® MRI system.

Surgical Technologies revenue of \$410 million grew 10 percent on a constant currency basis or 9 percent as reported with balanced growth across all three businesses: Neurosurgery, ENT, and Advanced Energy. The integration of Visualase, Inc., and its unique MRI-guided laser ablation technology, is going well, adding to the Restorative Therapies Group's broad suite of neuroscience solutions.

Diabetes Group

Diabetes Group revenue of \$430 million grew 10 percent on a constant currency basis or 9 percent as reported. Strong adoption of the company's MiniMed® 530G with Enlite® in the U.S. - with its proprietary threshold suspend automation - combined with 27 percent growth in emerging markets, resulted in solid growth in insulin pumps and strong double-digit growth in continuous glucose monitoring.

Revenue Outlook and Earnings per Share Guidance

The company today updated its revenue growth outlook and reiterated its diluted non-GAAP earnings per share (EPS) guidance for fiscal year 2015. In fiscal year 2015, the company now expects revenue growth in the range of 4 to 5 percent on a constant currency basis, which is at the upper end of the company's previously stated range of 3 to 5 percent. For fiscal year 2015, the company continues to expect diluted non-GAAP EPS in the range of \$4.00 to \$4.10, which implies annual diluted non-GAAP EPS growth in the range of 7 to 10 percent after adjusting for the expected impact from foreign currency.

"We remain focused on reliably delivering on our baseline financial goals by continuing to execute on our three primary strategies - therapy innovation, globalization, and economic value," said Ishrak. "We believe the Covidien acquisition, which remains on schedule to close in early calendar year 2015, will meaningfully accelerate all three of these strategies, strengthen our long-term market competitiveness, and drive further sustainability and consistency in our long-term financial performance."

The Medtronic and Covidien combination provides an even greater opportunity for us to truly address the universal needs of healthcare: improving clinical outcomes, expanding access, and optimizing cost and efficiency for healthcare systems around the world."

Webcast Information

Medtronic will host a webcast today, Nov. 18, at 8 a.m. EST (7 a.m. CST), to provide information about its businesses for the public, analysts, and news media. This quarterly webcast can be accessed by clicking on the Investors 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 "Events & Presentations" section of the Investors portion of the Medtronic website.

Financial Schedules

To view the second quarter financial schedules, [click here](#) or visit www.medtronic.com/newsroom.

About Medtronic

Medtronic, Inc., headquartered in Minneapolis, is the global leader in medical technology - alleviating pain, restoring health, and extending life for millions of people around the world.

Unless otherwise noted, all comparisons made in this news release are on an "as reported basis," and not on a constant currency basis. References to quarterly figures increasing or decreasing are in comparison to the second quarter of fiscal year 2014.

NO OFFER OR SOLICITATION

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the acquisition, the merger or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

IMPORTANT ADDITIONAL INFORMATION

Medtronic Holdings Limited, which will be renamed Medtronic plc ("New Medtronic"), has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that includes the preliminary Joint Proxy Statement of Medtronic, Inc. ("Medtronic") and Covidien plc ("Covidien") and that also constitutes a preliminary Prospectus of New Medtronic. The registration statement is not complete and will be further amended. Medtronic and Covidien plan to make available to their respective shareholders the final Joint Proxy Statement/Prospectus (including the Scheme) in connection with the transactions.

INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE PRELIMINARY JOINT PROXY

STATEMENT/PROSPECTUS (INCLUDING THE SCHEME) AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT MEDTRONIC, COVIDIEN, NEW MEDTRONIC, THE TRANSACTIONS AND RELATED MATTERS. Investors and security holders are able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed with the SEC by New Medtronic, Medtronic and Covidien through the website maintained by the SEC at www.sec.gov. In addition, investors and shareholders are able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Medtronic and New Medtronic with the SEC by contacting Medtronic Investor Relations at investor.relations@medtronic.com or by calling 763-505-2696, and will be able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Covidien by contacting Covidien Investor Relations at investor.relations@covidien.com or by calling 508-452-4650.

PARTICIPANTS IN THE SOLICITATION

Medtronic, New Medtronic and Covidien and certain of their respective directors and executive officers and employees may be considered participants in the solicitation of proxies from the respective shareholders of Medtronic and Covidien in respect of the transactions contemplated by the Joint Proxy Statement/Prospectus. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the respective shareholders of Medtronic and Covidien in connection with the proposed transactions, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the final Joint Proxy Statement/Prospectus when it is filed with the SEC. Information regarding Medtronic's directors and executive officers is contained in Medtronic's Annual Report on Form 10-K for the fiscal year ended April 25, 2014 and its Proxy Statement on Schedule 14A, dated July 11, 2014, which are filed with the SEC. Information regarding Covidien's directors and executive officers is contained in Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013 and its Proxy Statement on Schedule 14A, dated January 24, 2014, which are filed with the SEC.

Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this communication that refer to New Medtronic's, Medtronic's and/or Covidien's estimated or anticipated future results, including estimated synergies, or other non-historical facts are forward-looking statements that reflect Medtronic's and/or Covidien's current perspective of existing trends and information as of the date of this communication. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. It is important to note that these goals and expectations are not predictions of actual performance. Actual results may differ materially from current expectations depending upon a number of factors affecting New Medtronic's business, Medtronic's business, Covidien's business and risks associated with the proposed transactions. These factors include, among others, the inherent uncertainty associated with financial projections; restructuring in connection with, and successful close of, the Covidien acquisition; subsequent integration of the Covidien acquisition and the ability to recognize the anticipated synergies and benefits of the Covidien acquisition; the risk that the required regulatory approvals for the proposed transactions are not obtained, are delayed or are subject to conditions that are not anticipated; the anticipated size of the markets and continued demand for Medtronic's and Covidien's products; the impact of competitive products and pricing; access to available financing (including financing for the acquisition or refinancing of Medtronic or Covidien debt) on a timely basis and on reasonable terms; the risks of fluctuations in foreign currency exchange rates; the risks and uncertainties normally incident to the medical device industry, including competition in the medical device industry; product liability claims; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; variability of trade buying patterns; the timing and success of product launches; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; potential for adverse pricing movement; costs and efforts to defend or enforce intellectual property rights; difficulties or delays in manufacturing; reduction or interruption in supply; product quality problems; the availability and pricing of third-party sourced products and materials; risks associated with self-insurance and commercial insurance; successful compliance with governmental regulations applicable to New Medtronic's, Medtronic's and Covidien's facilities, products and/or businesses; changes in the laws and regulations, affecting among other things, pricing and reimbursement of pharmaceutical products; health care policy changes; risks associated with international operations; changes in tax laws or interpretations that could increase New Medtronic's, Medtronic's and/or Covidien's consolidated tax liabilities, including, if the transaction is consummated, changes in tax laws that would result in New Medtronic being treated as a domestic corporation for United States federal tax purposes; the loss of key senior management or scientific staff; and such other risks and uncertainties detailed in Medtronic's periodic public filings with the SEC, including but not limited to Medtronic's Annual Report on Form 10-K for the fiscal year ended April 25, 2014, in Covidien's periodic public filings with the SEC, including but not limited to Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013, and from time to time in Medtronic's and Covidien's other investor communications. Except as expressly required by law, each of

New Medtronic and Medtronic disclaims any intent or obligation to update or revise these forward-looking statements.

Diluted non-GAAP earnings per share guidance excludes adjustments relating to charitable donations to the Medtronic Foundation, acquisition-related items, net certain litigation charges, and net restructuring charges, as well as any unusual charges or gains that might occur during the fiscal year. The guidance provided only reflects information available to Medtronic at this time. Furthermore, the revenue outlook and earnings per share guidance does not contemplate the expected closing of the Covidien transaction.

Statement Required by the Irish Takeover Rules

The earnings guidance contained in this press release constitutes a profit forecast for the purposes of the Irish Takeover Rules. In accordance with Rule 28.4 of the Irish Takeover Rules, this profit forecast shall be repeated in the S-4 Registration Statement to be filed in connection with the Covidien Transaction, and the reports required by Rule 28.3 of the Irish Takeover Rules shall be mailed to Covidien shareholders with the S-4 Registration Statement. The directors of Medtronic accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors of Medtronic (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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[View FY15 Second Quarter Financial Schedules](#)

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