Medtronic

2012
Investor Conference

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Medtronic

Chris O'Connell

EXECUTIVE VICE PRESIDENT & RESTORATIVE THERAPIES GROUP PRESIDENT
MEDTRONIC INC.

MICHELSON TECHNOLOGY AT WORK

FORWARD-LOOKING STATEMENT

Some of the statements contained in today's program may be considered forward-looking statements which provide current expectations or forecasts of future events. These forward-looking statements generally relate to market and revenue growth, financial results, use of free cash flow, product development, and sales efforts. They are based on current assumptions and/or expectations that involve a number of uncertainties or risks. These uncertainties and risks include, but are not limited to, those outlined in Medtronic's Annual Report on Form 10-K for the year ended April 29, 2011, and other documents filed from time to time with the U.S. Securities and Exchange Commission (SEC). Investors are advised to review any further disclosures which may be made in such reports filed periodically with the SEC. Forward-looking statements are made as of today's date, and the Company undertakes no duty to update them. In addition, non-GAAP to GAAP reconciliations are posted on our website.

RTG WILL BE A SIGNIFICANT CONTRIBUTOR TO IMPROVING MEDTRONIC GROWTH

RTG WELL POSITIONED IN GROWTH MARKETS

- Spine has a clear improvement path in the dynamic U.S. market, and is winning internationally
- Surgical Technologies, Neuromodulation, and Diabetes all showing strong execution and robust product pipeline
- Creating economic value in healthcare through our Smart Surgery and Neuroscience programs, as well as Care Continuum expansion in Pain and Diabetes
- Globalization driving current performance and investment in all four RTG businesses

RESTORATIVE THERAPIES GROUP HAS LEADING MARKET POSITIONS

LARGE, UNDERSERVED GLOBAL MARKETS

FY12 Sales Mix

Substantial prevalence but highly under-penetrated therapies			Large and growing markets		#1 position
Key Therapies	Accessible Prevalence	Industry Penetration	FY12 Mkt Size	FY13 Mkt Growth	FY12 MDT Share
Fusion Interventional/Motion Biologics	28M	20% 16% NA	$9.7B	Flat	~35%
Pain Stim. & Pumps DBS Incontinence	12M	5% 5% 1%	$2.4B	5-7%	~70%
ENT Neurosurgery Advanced Energy	Enabling Tech.		$5.2B	5-7%	~25%
Type 1 - Pumps Adv. Type 2 - Pumps CGM	11M	18% 1% <1%	$2.2B	6-9%	~65%

Note: Market prevalence, penetration, size, and growth are estimates of worldwide market. Growth rates are constant currency.

U.S. SPINE DECLINE OVERSHADOWING POSITIVE GROWTH ELSEWHERE

TALE OF DIFFERENT MARKETS

FY12 Business Mix

FY12 Geographic Mix

Note: Data are FY12 revenue with growth rates at constant currency.

LEVERAGING COMPETITIVE ADVANTAGES TO RETURN TO GROWTH

OUR GAME PLAN TO WIN IN SPINE

Innovation
- Differentiated technology
- Procedural innovation
- Smart Surgery

DEEP DIVE ON U.S.:
1. Core Spine
2. BKP
3. INFUSE®

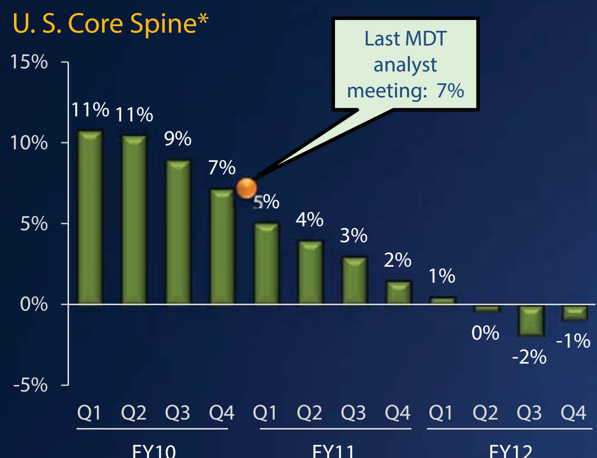
Globalization
- Local R&D / Manufacturing
- Reverse innovation
- Sales force expansion

Resource Reallocation
- Aggressive cost management
- Create incremental R&D spend
- Shift investment to growth markets

SEVERAL FACTORS HAVE AFFECTED THE MARKET

U.S. CORE MARKET CHALLENGED BUT STABILIZING

Market Revenue Growth:
U. S. Core Spine*



U.S. Core Spine Market Dynamics

	Q4 FY10	Q4 FY12
Procedures	+6%	+1%
Price	-1%	-5%
Mix	+2%	+3%

U.S. Core Spine Market Challenges

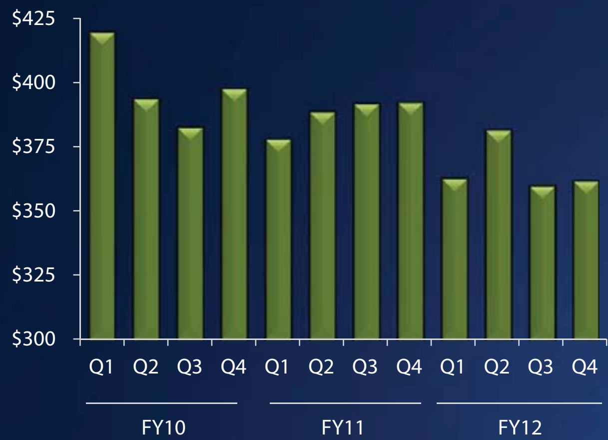
- Economic slowdown, including unemployment
- Price pressure in segments with limited differentiation
- Perceived over-utilization in certain segments
- Growth in "unaddressable" segments (e.g. PODs)

* U.S. Core Spine is equal to U.S. Core Spinal minus BKP plus Other Biologics.

NEAR-TERM DRIVERS TO IMPROVE SPINE PERFORMANCE

MEDTRONIC U.S. CORE SPINE IS STABILIZING

U.S. Core Spine* Revenue
$ Millions



Near-Term U.S. Core Spine Drivers

1. Increasing impact of differentiated technology
2. Taking mind share with procedural innovation
3. Early success addressing payer challenges

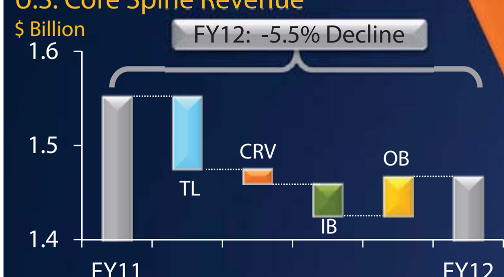
* U.S. Core Spine is equal to U.S. Core Spinal minus BKP plus Other Biologics.

STRONG ORGANIC INNOVATION DRIVING MIX IMPROVEMENTS

DIFFERENTIATION THROUGH TECHNOLOGY

FY12 U.S. Core Spine[1] Revenue Mix

U.S. Core Spine Revenue[1]
$ Billion



FY12:
- TL accounted for majority of sales decline
- Solera sets 44% launched at end of FY12
- Only 20% of TL revenue from Solera™[2]
- 8% TL PSS growth in accounts with Solera[2]

FY13: Solera expected to reach critical mass
- Will be 77% launched by end of year

FY12:
- Growth in posterior systems, driven by Vertex Select® (FY11 launch) reaching critical mass
- Decline driven by cervical plates

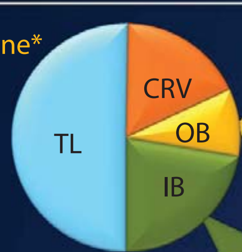
FY13: Atlantis Vision® Elite plate gets critical mass
- 10% price premium to predecessor systems
- 19% sequential growth in Q4 FY12

1 U.S. Core Spine is equal to U.S. Core Spinal minus BKP plus Other Biologics.
2 Excludes MAST products

AGGRESSIVELY SEEKING EXTERNAL INNOVATION TO ACCELERATE DIFFERENTIATION

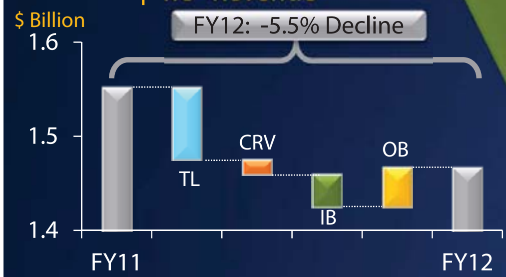
DIFFERENTIATION THROUGH TECHNOLOGY

FY12 U.S. Core Spine* Revenue Mix



U.S. Core Spine* Revenue

$ Billion



Other Biologics

FY12:
- Growth segment driven by Osteotech®; acquisition closed Q3 FY11
- Medtronic has the #1 position in DBMs

FY13:
- Expect continued growth in this area

Interbody

FY12:
- Second-largest category of decline
- Low double-digit revenue declines

FY13: AMT acquisition closed in May NEW!!
- Strong portfolio of interbody innovation
- Expect $20 million of incremental revenue

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MOVING FROM PRODUCTS TO PROCEDURES TO INCREASE COMPETITIVE ADVANTAGE

PROCEDURAL INNOVATION: MAST® MIDLF™

Procedural Innovation

- Requires procedure solutions vs. just fixation mix/match
- Medtronic only company with strength in all areas

Example

MAST MIDLF

Procedure Components

Fixation	• Solera™ cortical screws • Solera 4.75 rods
Interbody	• Capstone® • Crescent®
Access Tools	• Midline Retractor • Light source
Biologics	• Magnifuse®

Early Results
- Launched in Q3 FY12; 100 sets currently in the field
- Global rollout Q2 FY13
- Rapid market adoption
  - 175 physicians trained (plus 600 more on cortical screws)
  - More than 50% of users are competitive surgeons

Familiar approach + reduced invasiveness = high fusion success, less blood loss/muscle damage, less post-op pain, shorter length of stay

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GAINING TRACTION ON OUR EFFORTS TO ADDRESS PAYER CONCERNS

PAYER PUSHBACK: REMOVING THE BARRIERS

	Medtronic Actions	Early Results
Alleviating Near Term Payer Pressure	• Broader utilization of Medtronic Therapy Access Support team • Responsive to HTA's with data and analyses to gain or retain coverage	• 93% fusion pre-auth. success • Recent HTA success in OR, WA, and OK
Building Stronger Evidence and Outcomes Base	• Develop health economic and outcomes data, and publish results (MAST®, arthroplasty, and fusion) • Educate key stakeholders (e.g., benefits of MAST: cost of revisions, shorter LoS, faster return to work)	• Will submit 11 papers for publication in FY13; DDD fusion research accepted by NASS • Recent evidence success with Noridian, Aetna, BCBS of NC, etc.
Leading the Industry to Appropriate Use Criteria	• Work with societies (SRS, POSNA, AAOS, AANS, CNS, ISASS, SIR) & expert consultants to develop guidelines using clinical & economic evidence	• Discussions with societies indicate consensus & urgency; consultant recommendations expected in July

NEW PRODUCT DIFFERENTIATION IMPROVING GROWTH

STABILIZATION IN U.S. KYPHOPLASTY

U.S. BKP Revenue

$ Millions

Past Headwinds

- NEJM article questioned surgical intervention; BKP drawn down with vertebroplasty
- Payer pressure accelerated (e.g., Noridian)
- Price pressure with new competitors

Near-Term Drivers

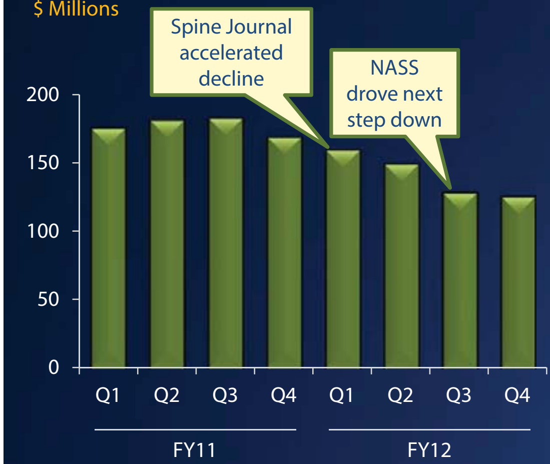
- Recent evidence: CAFÉ, FREE, mortality data, life expectancy / cost effectiveness data
- Kyphon Xpander® II, KIS, Xpede™ and InflateFX™ increasing competitive differentiation

STAYING PATIENT AND FOCUSED DURING TURBULENT TIME FOR INFUSE

ADDRESSING U.S. INFUSE® CONCERNS

U.S. INFUSE Revenue

$ Millions



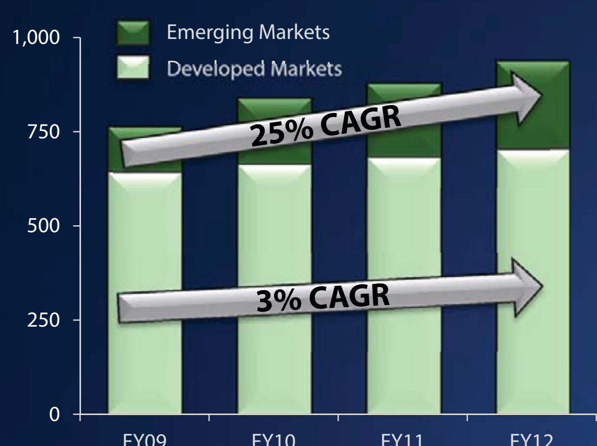
- Sales stabilizing after two sharp falls
- Remain highly confident in safety and efficacy of BMP-2 as a revolutionary bone graft product
- DOJ has dropped off-label investigation
- Yale study: unprecedented transparency
  - Providing all data, published and unpublished
  - Two independent systematic reviews of patient-level data
  - New standard for clinical data integrity
- Continue to invest in BMP-2 technology
  - INDUCTOS launch internationally
  - New INFUSE carrier and indication development

MARKETS OUTSIDE THE UNITED STATES ARE VERY LARGE AND UNDERPENETRATED

INTERNATIONAL SPINE NEARLY $1 BILLION & GROWING

MDT Spine International Revenue

$ Millions – Constant Fx



Major International Strategies

1. Localized R&D and manufacturing
   - Europe, China, Japan, India
   - 65% increase in local R&D in last 3 years
2. Building on Weigao JV success
   - Already driving reverse innovation
3. 33% growth in Emerging Market FY12 sales & marketing investment

CAPITALIZING ON MARKET PROXIMITY AND LOCAL CAPABILITIES

SPINE GLOBAL R&D AND MANUFACTURING

COMPACT CORNERSTONE OFFERS GLIMPSE OF FUTURE

FIRST EXAMPLE OF REVERSE INNOVATION

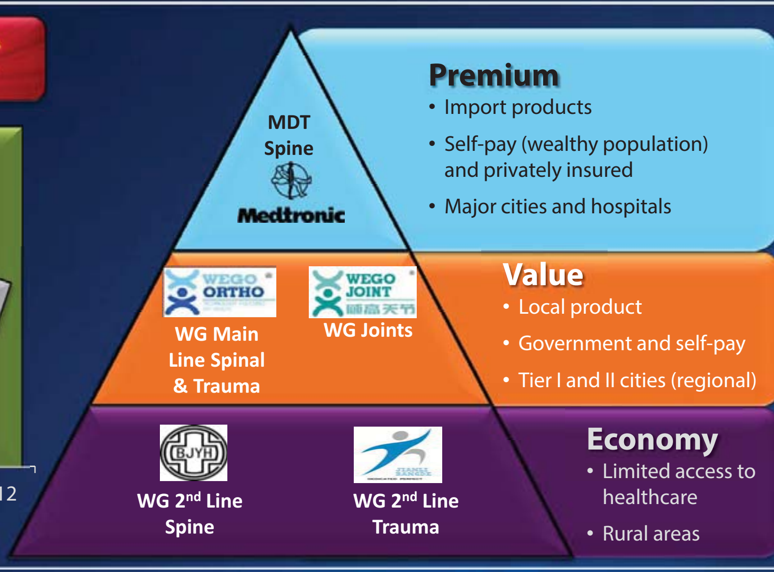
COMPACT CORNERSTONE®

IMPROVED | LEANER | LESS COSTLY

- Based on original Cornerstone implant
- New configuration developed in Europe
  - 60% reduction in instrument cost
  - 30% reduction in implant cost
  - Easier handling & better anatomical fit
  - Leaner instrument set
- Manufactured in China
- Will deploy aggressively in developed markets as demand builds

CHINA IS THE CORNERSTONE OF OUR GLOBALIZATION STRATEGY

INTENSE FOCUS ON CHINA YIELDING RESULTS



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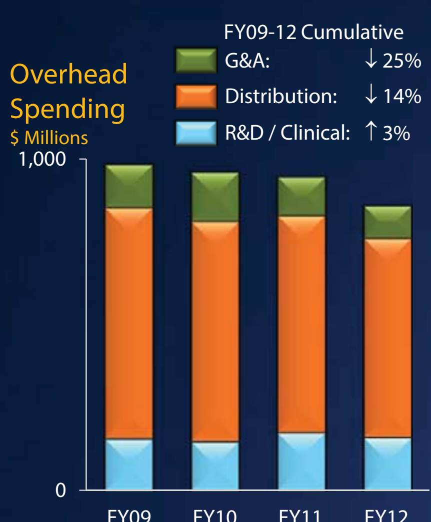
PUSHING CHANGE AND ATTACKING COSTS TO FUND INVESTMENTS

DISCIPLINED FOCUS ON COST STRUCTURE



GAINING EFFICIENCIES

- Eliminated 9% of US non-production positions in FY12
- Integrated US sales forces for Biologics and Core
- Consolidated Sunnyvale while preserving R&D center
- Shifted instrument production to low-cost source

PRIORITIZING GROWTH INVESTMENTS

- Rebalancing R&D investment in FY13
- Expanding product development into Europe and Japan
- Launching new INFUSE® trials to supplement Yale work

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EXCITEMENT AND CREDIBILITY IS BUILDING, STARTING WITH OUR CUSTOMERS

SPINE SUMMARY: A CLEAR PATH TO IMPROVEMENT

OPPORTUNITY

Spine is a long-term global growth market that we lead today; We fully intend to strengthen our market position going forward.

STABILIZATION

The Spine market is stabilizing and we are improving; focused on returning to market growth and confident we'll get there.

NEW STRATEGY

Making many changes including globalization, procedural innovation, reverse innovation, resource reallocation and tuck-in M&A, while continuing to invest in product innovation.

VALUE

Medtronic adds unique value to Spine through integrated offerings that leverage our breadth, including Smart Surgery and Neuroscience Strategy.

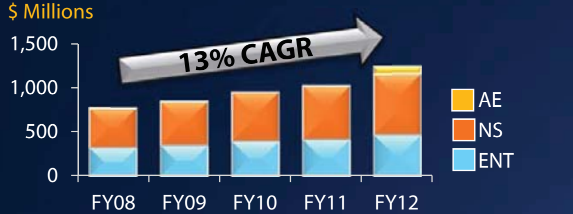
Plus … continuing to gain competitive advantage through our scientific, ethical, and transparent industry leadership

SUPERB EXECUTION, ROBUST NEW PRODUCT FLOW AND GLOBALIZATION

SURGICAL TECHNOLOGIES HITTING ON ALL CYLINDERS

Surgical Technologies Revenue by Business

$ Millions



Surgical Technologies Revenue by Geography

$ Millions

FY13 Growth Drivers

ENT
- Drills and disposables growth internationally
- Launch Indigo™ drill and next-gen EMG tube

NEURO-SURGERY
- WW S7® sales and upgrades; Int'l O-ARM® sales
- Launch ARES® antibiotic catheter & microsaw

ADV. ENERGY
- Drive penetration in high-volume US accounts
- Expand to adjacent markets (EP, Ortho)

- FY12: 17% int'l revenue growth*
- Launch value products
- 120+ ed. programs in emerging markets

* Growth rate is constant currency.

NEW HIGH-GROWTH GLOBAL PLATFORM FOR SURGICAL TECHNOLOGIES

ADVANCED ENERGY ACCELERATING GROWTH

LARGE, ATTRACTIVE, GROWING MARKET
- $2.2B market, growing at 13%
- MDT in faster growing sub-segment: >20%

PERFECT STRATEGIC AND BUSINESS FIT
- Leverage existing distribution capabilities
- Access to adjacent markets (e.g. Ortho)

SIGNIFICANT FUTURE POTENTIAL
- Untapped international markets
- Strong new product pipeline
- Superior clinical and economic value

Aquamantys® System   PEAK Plasmablade™

SUPERIOR CLINICAL AND ECONOMIC VALUE PROPOSITION

SURGEON
- Improved visibility
- Reduced surgery times
- Prevent damage

PATIENT
- Reduced infection risk
- Lower pain and swelling
- Faster healing time

ADMINISTRATOR, PAYER
- Reduced length of stay
- Decreased blood transfusion
- Prevent costly lead replacements (CRDM)

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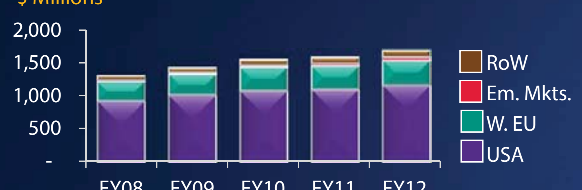
NEW PRODUCT LAUNCHES ACCELERATING GROWTH

NEUROMODULATION GAINING MOMENTUM

Neuromodulation Revenue by Business
$ Millions

Neuromodulation Revenue by Geography
$ Millions



FY13 Growth Drivers

PAIN
- RestoreSensor® in U.S. and Japan
- Launch Ascenda™ catheter, MRI-safe lead

DBS
- Sales force expansion
- Increase referrals through neurologist focus

URO/GASTRO
- Sales force expansion
- InterStim® for Bowel Control

- FY12: 5% int'l revenue growth*
- New DBS referral program in China
- Sales force growth in emerging markets

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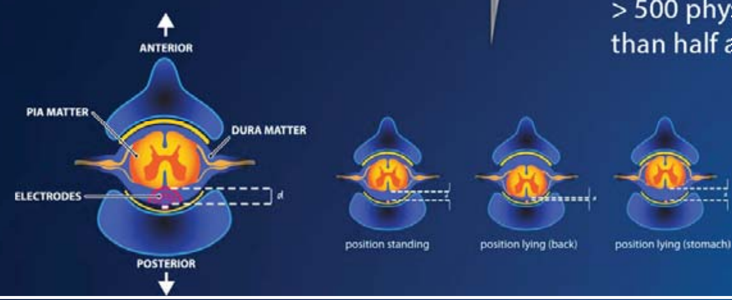
* Growth rate is constant currency.

GROUNDBREAKING ADAPTIVESTIM™ TECHNOLOGY

RESTORESENSOR® TAKING MARKET SHARE

AUTOMATING PAIN MANAGEMENT

- Automatically adjusts stimulation based on patient's posture
- 86% of patients reported improved pain relief and/or improved convenience



SIGNIFICANT MARKET IMPACT

- Since January U.S. launch . . .

  > 6 ppt sequential share gain

  > 15 ppt increase in growth

  > 500 physicians have implanted; more than half are competitive

SUSTAINING STRONG PERFOMANCE WITH ROBUST TECHNOLOGY PIPELINE

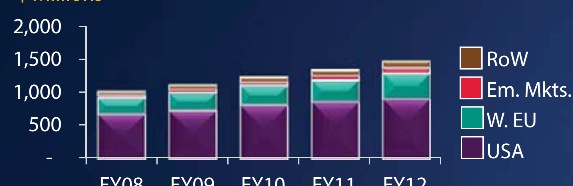
DIABETES CONTINUES TO EXECUTE

Diabetes Revenue by Business

$ Millions

Diabetes Revenue by Geography

$ Millions



FY13 Growth Drivers

PUMPS
- Launch MiniMed® 530G pump in U.S.
- Launch MiniMed® 640G pump in WE

CGM
- Continue global rollout of Enlite™
- Full year of mySentry™ & iPro® 2 in U.S.

- FY12: 15% int'l revenue growth*
- Expand reimbursement in Japan
- Launch Paradigm® Real-Time in China

Mid-Term

Patch Pump

"Artificial Pancreas"

* Growth rate is constant currency.

REVOLUTIONARY SYSTEM OFFERING INSULIN DELIVERY, CGM & THERAPY ADJUSTMENT

MINIMED® 530G SYSTEM

MiniMed 530G Pump

- ASPIRE In-Clinic Trial: 19% reduction in duration & severity of hypoglycemia
- Glucose trending alerts

Enlite™ Sensor

- 6-day sensor
- 69% smaller volume
- 38% shorter length

International 4 Quarter Average Revenue Growth

Multi-Year Lead in "Artificial Pancreas"

✓ Bolus Wizard → ✓ Integrated System → ✓ Low Glucose Suspend → Predictive Low Glucose Suspend → Overnight Closed Loop → Artificial Pancreas

INNOVATIVE TECHNOLOGY REMAINS OUR TOP GROWTH DRIVER

INNOVATION SUMMARY: RICH TECHNOLOGY PIPELINE

	Near-Term Current-FY14	**Mid-Term** FY15-FY16	**Long-Term** FY17+
Spine	• Solera™ 5.5/6.0, MAST® Deform. • Capstone Control™ • Bryan® Artificial Disc (US)	• DIAM ®(US) • Prestige LP™ Disc (US) • Extremities Gen 2	• Sciatica Pain therapy • Next-Gen BMP Carrier • Post-Op Pain biologics
Neuromodulation	• RestoreSensor® SCS • MRI Full Body for DBS • InterStim® for Bowel	• Next-Gen RC for SCS • Brain Sensing for DBS • MicroStim	• Next-Gen Pump • Next-Gen Brain Sensing for DBS • CNS Drug Therapy
Diabetes	• MM 530G (US) • MM 640G (EU) • Sentrino™ Hospital CGM (EU)	• MM 640G (US) • Next-Gen Enlite™ • Patch Pump	• Optical Sensor • Closed Loop Overnight • Fingerstick Replacement
Surgical Technologies	• MicroSaws/High Torque Power • Next-Gen EMG Tube (US/EU) • PowerEase®	• Next Gen O-arm® • NIM/NAV integration • AE Spine/Ortho/Neuro	• Next Gen Strata® • Minimally Invasive Spine tools

CREATING ECONOMIC VALUE IN A CHANGING HEALTH CARE ENVIRONMENT

RESTORATIVE THERAPIES GROUP INTEGRATED OFFERINGS

VALUE THROUGH BREADTH

Smart Surgery

Neuroscience Strategy

CARE CONTINUUM EXPANSION

Medtronic Pain Solutions

Lifetime Diabetes Care

LEVERAGING OUR BREADTH WITH INTEGRATED SOLUTIONS THAT DRIVE VALUE

SMART SURGERY PROCEDURAL INNOVATION

SMART SURGERY

Surrounding the surgeon with unique enabling technologies and services for specific procedures to create clinical and economic value for multiple stakeholders

VALUE FOR ALL STAKEHOLDERS

Patient	• Reduced complications • Reduced revisions
Surgeon	• Fewer injuries • Ability to perform more complex surgeries
Hospital	• Improved outcomes • Savings / fewer revisions • Increased revenue
Payer	• Reduced surgical costs
Medtronic	• Differentiated offering • Procedural innovation • Expand implant share

BREAKTHROUGH SOLUTION IN SPINE SURGERY THROUGH NAVIGATION TECHNOLOGY

SMART SURGERY: NAVIGATED DLIF

- Industry's only 3D image-guided interbody fusion procedure
- Safer and more accurate construct placement with reduced radiation
- Fully-navigated spine surgeries reduce revision costs by 70%
- Very enthusiastic surgeon response

IMPROVING SPINE SURGERY THROUGH NIM, NAVIGATION AND POWER

SMART SURGERY: POWEREASE®

- First integration of power technology, nerve sensing and advanced imaging in the spine surgeon's hands
- Reduces time and repetitive motion/fatigue, yet increases confidence: 95% reduction in work, 55% less time and 40% greater control placing screws.
- Compatible with Solera™ and TSRH® 3DX.

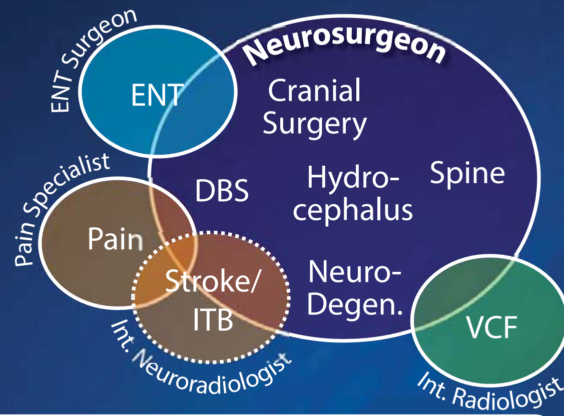
LEVERAGING MEDTRONIC'S UNIQUE NEURO-RELATED TECHNOLOGY AND CHANNEL BREADTH

NEUROSCIENCE STRATEGY

NEUROSCIENCES

- "Neuroscience Centers" building fast-growth service lines across Neuro areas
- Medtronic leading with distinctive products, procedures, research, etc.
- Advancing the science, building our brand, and driving additional revenue

"No company has done more to advance the science and practice of neurosurgery than Medtronic… I look forward to this collaboration"
- Prominent Neurosurgery Society Leader, 2012

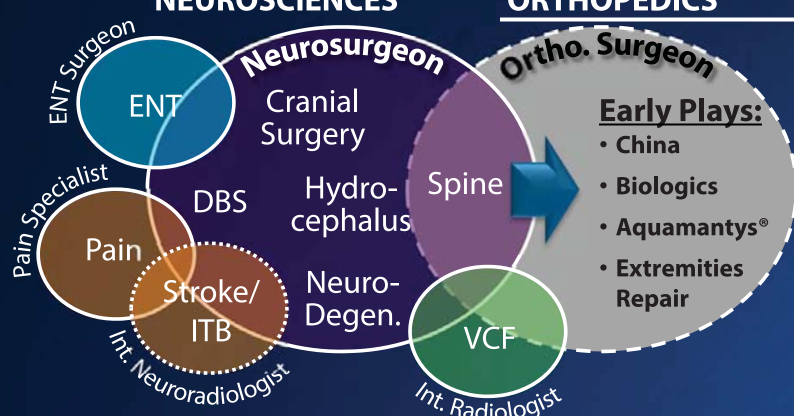


Enabling Tech: NIM | NAV | POWER | ENERGY

EARLY ATTRACTIVE PLAYS IN ADJACENT ORTHOPEDIC MARKET

BROADENING MUSCULOSKELETAL PLAY

NEUROSCIENCES **ORTHOPEDICS**



- #1 position in Ortho-Spine
- Strong presence in China value trauma and recon segment
- Building role through key enabling technologies and high-value niche products
- Looking to strategically broaden Ortho play… but being very selective

Enabling Tech: NIM | NAV | POWER | ENERGY

LEVERAGING THERAPIES, CHANNELS AND EXPERTISE TO PIONEER THE PAIN CARE CONTINUUM

MEDTRONIC PAIN SOLUTIONS

Getting the Right Patient to the Right Physician at the Right Time for the Right Therapy

ONSET OF PAIN

CONSERVATIVE TREATMENT | STEROID INJECTIONS | INTER-VENTIONAL | FUSION | PAIN STIM | PAIN PUMPS | POST-OP. CARE

Develop patient referral networks ⟨ Medtronic Therapy ⟩ Engage patients & physicians over pain management lifetime

Multi-Specialty Scope: PM&R, Neurologist, Anesthesiologist, Neurosurgeon, Orthopedic Surgeon

Clinical Pathway · Technology · Clinical Support · Post-Op. Service

LEVERAGING BREADTH ACROSS CARE CONTINUUM TO IMPROVE OUTCOMES AND DELIVER VALUE

LIFETIME DIABETES CARE

Diagnostics	Treatment	Monitoring	
Professional CGM	Insulin Delivery	Consumer CGM	Connected Care
			
iPro®2	MiniMed® 530G	Enlite™	mySentry™ & CareLink®
Industry's only CGM diagnostic option	First semi-closed loop insulin pump	Comfortable, more accurate with 6-day life	Revolutionary home monitoring

Customer Service Expertise & Scale ▷ ***High Customer Loyalty & Competitive Advantage***

TRANSFORMING OUR BUSINESSES TO WIN IN A CHANGING ENVIRONMENT

RTG: STRONG ALIGNMENT WITH MEDTRONIC VISION

ECONOMIC VALUE

DISCRETE THERAPIES

- Solera™
- RestoreSensor®
- Minimed® 530G / Enlite™
- Aquamantys®

INTEGRATED SOLUTIONS

- Smart Surgery
- Neuroscience Initiative
- Medtronic Pain Solutions
- Lifetime Diabetes Care

GLOBALIZATION

PREMIUM

- Paradigm® Real-Time in China
- China DBS referral network
- Japan CGM iPro®2 penetration
- Direct distribution investment

VALUE

- Weigao Joint Venture
- Indigo™ Drill / Cranial Plating
- Compact Cornerstone®
- Product Development Offices

RTG WILL BE A SIGNIFICANT CONTRIBUTOR TO IMPROVING MEDTRONIC GROWTH

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