REDEFINING INNOVATION
IN THE FACE OF HEALTHCARE REFORM
MEDTECH 2014
Chris Cleary
VICE PRESIDENT – CORPORATE DEVELOPMENT
MEDTRONIC INC.
Some simple truths

• You know more about MedTech than me
• I’m hanging all of my speaker value on outside perspective
• Crash course since February 2014 – moderate progress
• GE Capital boot camp had some value
MedTech paradigm

• Increasing healthcare system demands for lower costs, higher quality

• Broad, deep competition makes product differentiation more difficult than ever

• Increasing costs for R&D, clinical trials makes bringing new products to market more expensive than ever

Success requires increased innovation, broader global distribution and execution on new value propositions for clinicians, payers and systems
Medtronic at a Glance

10.5 MILLION
PEOPLE'S LIVES IMPROVED

$67 MILLION
TOTAL CHARITABLE CONTRIBUTIONS

$17 BILLION
IN REVENUE

140+
COUNTRIES

49,000+
EMPLOYEES

350+
CLINICAL TRIALS

28
RESEARCH CENTERS

1,700+
NEW PATENTS AWARDED

MORE THAN
27,000+
TOTAL PATENTS

5,600+
SCIENTISTS AND ENGINEERS

Information reflects FY2014 data
Medtronic’s early history
The Medtronic Mission: A Shared Sense of Purpose

“To contribute to human welfare... alleviate pain, restore health, and extend life...

To direct our growth in the areas of maximum strength and ability... to continuously build on these areas through education and knowledge...

To strive without reserve for the greatest reliability and quality... to be recognized as a company of dedication, honesty, integrity, and service...

To make a fair profit...

To recognize the personal worth of employees...

To maintain good citizenship as a company.”
Universal Healthcare Needs

Improve Clinical Outcomes

Expand Access

Optimize Cost and Efficiency
Strategies address universal healthcare needs

**Universal Healthcare Needs**
- Improve clinical outcomes
- Expand access
- Optimize cost and efficiency

**Medtronic Strategies**
- Therapy Innovation
- Globalization
- Economic Value

**Sources of Growth**

**GROWTH VECTOR #1**
**New Therapies**
- Deliver strong launch cadence of innovative therapies and procedures

**GROWTH VECTOR #2**
**Emerging Markets**
- Unlock massive opportunity for our existing therapies in EM

**GROWTH VECTOR #3**
**Integrated Health Solutions**
- Develop new solutions for hospital efficiency, episodes of care, and disease management
Three Business Groups address a broad spectrum of diseases

Cardiac and Vascular Group

- Cardiac Rhythm Disease Management: 30%
- Coronary: 11%
- Structural Heart: 7%
- Endovascular Therapies: 5%

Restorative Therapies Group

- Surgical Technologies: 9%
- Neuromodulation: 11%
- Spine: 19%

Diabetes Group

- Diabetes: 9%

The data in this chart has been intentionally rounded to the nearest whole percentage and therefore does not sum to 100%.
Cardiac & Vascular Group (CVG)

Cardiac Rhythm Disease Management
Pacemakers, implantable defibrillators, monitoring and diagnostics to treat cardiac arrhythmia, atrial fibrillation and heart failure

Endovascular
Stents and other angioplasty technologies to treat aortic aneurysms and peripheral artery disease

Structural Heart
Surgical and transcatheter heart valves for valve disease, coronary artery bypass and cardiopulmonary bypass

Coronary
Drug-eluting and bare metal stents and balloon catheters to treat coronary artery disease
Restorative Therapies Group (RTG)

**Spine**
Artificial disks, fusion systems, powered surgical tools, navigation & imaging systems to treat a wide array of spinal conditions

**Neuromodulation**
Implantable neurostimulation and drug infusion systems to treat chronic pain, movement disorders and bladder & incontinence issues

**Surgical Technologies**
Powered surgical tools, imaging and navigation systems to assist in a wide variety of surgical procedures
Diabetes Group

Insulin pumps, glucose monitoring systems and online tools for the measurement, monitoring and treatment of diabetes
THERAPY INNOVATION
Strong launch cadence of innovation

Medtronic R&D Pipeline

200 projects worth $30B+ in incremental revenue over next 5 years

Select Launches

FY15

FY16

IN.PACT® Admiral® SFA
US: Early FY16

DCB

200 projects worth $30B+ in incremental revenue over next 5 years

Medtronic R&D Pipeline

Strong launch cadence of innovation

R

e

v

e

a

l

i

n

Q™

WW:

L

a

u

n

c

h

i

n

g

M

i

c

r

™

CE

Mark:

B

y

e

n

d

o

f

F

Y1

5

L

O

W

P

O

W

E

R

M

i

n
i

M

e
d
®

6

4

G

W

E

F

Y

1

5

D

I

A

B

N

u

v

e

n

T

a

v

R

C

O

R

E

S

P

I

N

E

x

G

E

n

b

d

i

e

s

W

W:

Q

1

F

Y1

5

E

v

o

l

u

t

™

R

C

E

M

a

r

K:

F

Y1

5

/1

6

T

A

V

R

C

O

R

E

S

P

I

N

E

x

G

E

n

b

d

i

e

s

W

W:

H

2

F

Y1

5

H

I

G

H

i

g

R

i

s

T

A

V

R

C

O

R

E

S

P

I

N

E

x

G

E

n

b

d

i

e

s

W

W:

H

2

F

Y1

5

D

E

S

F

Y1

6

C

O

R

E

S

P

I

N

E

x

G

E

n

b

d

i

e

s

W

W:

H

2

F

Y1

5

O

a

r

®

2

0

W

W:

H

2

F

Y1

5

S

T

A

i

®

P

e

f

o

r

m
™

Q

U

a

T

A

V

R

C

O

R

E

S

P

I

N

E

x

G

E

n

b

d

i

e

s

W

W:

H

2

F

Y1

5

H

I

G

H

P

O

W

E

R

L

O

W

P

E

R

L

O

W

P

E

R
Strong execution on new product launches

**Coronary**

**Resolute® Integrity® DES**
- US Launch: Q4 FY12
- US DES share increased from 11% to 31%
- Included in vast majority of CVG multi-line deals

**Diabetes**

**MiniMed® 530G with Enlite®**
- US Launch: Q2 FY14
- Increased US insulin pump share by over 5% points since launch
- Increased US CGM share by over 6% points since launch

**Core Spine**

**CDH Solera® 5.5/6.0 System**
- WW Launch: Q1 FY13
- Over 550 sets in the field
- Still experiencing strong double-digit procedure and revenue growth

**Structural Heart**

**CoreValve® Extreme Risk**
- US Launch: Q3 FY14
- Launched ahead of schedule; no FDA panel required
- Activating new centers to plan
- Settled global patent litigation with Edwards

---

Medtronic
Key Innovation Themes

• Maintain R&D spend & improve efficiency to maximize organic product development leverage

• Organize around chronic disease states – provide therapies and products needed by patients, designed by physicians

• Reduce pride and acquire technologies & capabilities when not available in house

• Adapt products to different circumstances of global markets

• Look for cost efficiencies in manufactured products and in the systems they are deployed to be a valued partner
GLOBALIZATION
Emerging markets drive global growth

LEADING, DIVERSIFIED PRESENCE IN EM TODAY

FY14 GEOGRAPHIC MIX
- $2.1B
- China
- Other Asia
- India
- Central & East. Europe
- Latin America
- Middle East & Africa

FY14 BUSINESS MIX
- 14% Growth
- Neuromod.
- Diabetes Endo.
- Struc. Heart.
- Spine
- CRDM

MEDTRONIC EMERGING MARKET REVENUE

EM GROWTH UPSIDE
5+ Points Potential
- Channel Optimization
- Public & Private Partnerships

EM BASE GROWTH
Expect Mid-Tens Growth
- Traditional Market Dev.

Note: All revenue growth rates given in constant FX.

• Significant Runway: EM exposure only 13% of Medtronic revenue mix in Q4 FY14
• Near-Term Growth: Expect EM to grow in the mid-teens; adds ~150 to 200 bps to overall MDT revenue growth
• Growth Upside: Channel & partnership opportunities offer upside to EM growth expectations
Private hospital partnerships in EM

**PRIVATE HOSPITAL PARTNERHIPS:**
Combining Market Development & Business Model Innovation

**BUILD PATIENT AWARENESS & DEVELOP REFERRAL CHAINS**
- Medtronic’s innovative market development program
- FY14: 62% growth in CRDM & Cardiovascular implants at participating hospitals
- Started in India; Now expanding into other regions

**Optimizing Care Delivery:**
- Resource management
- Lean sigma processes & protocols

**Financing:**
- Hospital: Cath lab & other hospital financing
- Patient financing programs

**CUSTOMER BENEFITS:**
- Improved patient access
- Private hospital growth

**MEDTRONIC BENEFITS:**
- Vast majority of device share
- Incremental device revenue
- New service revenue
- Multi-year, long-term contracts
Public partnerships accelerate EM growth

GOVERNMENT CONTRIBUTIONS
- Guaranteed volume contracts
- Manufacturing incentives
- Fast-track regulatory approval
- Reimbursement coverage

MEDTRONIC STRATEGY
- Centrally driven by senior management
- Support government policy goals

MARKET PENETRATION: IMPORTED PRODUCTS
- INSULIN PUMPS
  - Markets: Kazakhstan, China
  - 3 year, multi-million dollar deal
- CVG & DIABETES
  - Negotiations underway with Indian states

MARKET PENETRATION: LOCAL MANUFACTURING
- Several large public partnerships in pipeline

MEDTRONIC CONTRIBUTIONS
- Direct investment (mfg., tech transfer)
- Training and education
- Support building care pathways
- Improving channel efficiency
ECONOMIC VALUE
Historical MedTech: Value Disassociated from Cost

- Value often accrues past period of measurement or is not measured at all
- Value often accrues to someone other than the purchaser

Vendor/Vendee relationship
Perceived lack of differentiation
Increased pricing pressure
Stagnant growth
Stifles innovation

MedTech industry must adapt
Shift towards value based healthcare

Expanding Time Horizons:

Fee-for-Service → Episodes of Care / Bundled Payments → ACOs / Discrete Populations → Broad Population Health

Broader Stakeholders:

Physician → Physician → Hospital Administrator

Physician → Hospital Administrator → Payer

Physician → Hospital Administrator → Patient

• Value creation can be directly linked to technology cost
• MedTech companies become accountable for outcomes
Transition to strategic customer relationships

Companies With:

- Market-Leading Products
- Deep Clinical & Healthcare Economics Expertise
- Breadth & Scale
- Financial Strength

Strategic

- Physician
  - Clinical Value
- Hospital C-Suite
  - Economic Value
  - ✔ Partnership
  - ✔ Growth
  - ✔ Value Creation
  - ✔ Fosters Innovation
- Payer C-Suite
Medtronic is uniquely positioned to lead

ENABLERS FOR HEALTHCARE SYSTEM PARTNERSHIPS

- **Market-Leading Products**
  - #1 share positions in almost every product category
  - Leading pipeline with some of the most compelling MedTech programs

- **Clinical & Economics Expertise**
  - Unmatched capacity to shape global health policy
  - Global talent: ~2,000 clinical & research scientists and ~1000 health policy & regulatory experts

- **Breadth & Scale**
  - Solutions across care continuum
  - Leader in some of the largest chronic disease areas: Cardiology, Neuro/Ortho, and Diabetes
  - Market-leading distribution footprint

- **Financial Strength**
  - Strong credit rating and balance sheet
  - Willingness to enter risk-sharing models
  - Capital infusion into providers

Positioned to be the leading medical technology solutions partner with physicians, hospital systems, payers, and governments
Medtronic to Acquire Covidien
A Strong Strategic Fit

Uniquely positioned to expand our industry-leading franchises through our three differentiated strategies:

- **Therapy Innovation:** Delivering strong launch cadence of meaningful therapies and procedures
- **Globalization:** Addressing the inequities in healthcare access globally
- **Economic Value:** Becoming a leader in value-based healthcare by incorporating EV into our DNA
Create global healthcare franchise with unparalleled size, breadth & leadership

<table>
<thead>
<tr>
<th><strong>LTM REVENUES</strong></th>
<th><strong>$17 Billion</strong>&lt;sup&gt;1&lt;/sup&gt;</th>
<th><strong>$10 Billion</strong>&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LTM ADJ EBITDA</strong></td>
<td><strong>$5.9 Billion</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>$2.8 Billion</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

| **GLOBAL REACH** | ~140 countries, ~49,000 employees | Over 150 countries, ~38,000 employees |

| **LEADERSHIP BREADTH** | #1 in CRDM  
#1 in Coronary Stents  
#1 in Endovascular  
#2 in Structural Heart  
#1 in Spine  
#1 in Neurmodulation  
#1 in Surgical Technologies  
#1 in Diabetes | #1 in Minimally Invasive Surgery  
#1 in Peripheral Vascular  
#1 in Neurovascular  
#1 in Respiratory & Monitoring  
#1 in Medical Supplies (U.S.) |

| **STRONG LEGACY OF INNOVATION** | Pacemaker, ICDs, Cardiac Resynchronization, Transcatheter Heart Valves, Artificial Spinal Discs, Spinal Cord Stimulation, Deep Brain Stimulation, Insulin Pumps, Continuous Glucose Monitoring | Endomechanical Stapling, Vessel Sealing & Dissection, Wide-Neck Cerebral Aneurisms, Mechanical Thrombectomy in setting of Ischemic Stroke, Sequential Compression Devices, Pulse Oximetry, Capnography |

| **EMERGING MARKETS DEPTH** | $2.1 Billion of revenue growing mid-teens at constant currency | $1.6 Billion of revenue<sup>2</sup> growing mid-teens at constant currency |

---

<sup>1</sup> Revenues are FY14, FY14 EBITDA excluding restructuring charges, net, certain litigation charges, net, special charges, and acquisition-related items.

<sup>2</sup> Amounts are for the last 12 months, ended March 28, 2014.

<sup>3</sup> Last 12 months adjusted EBITDA is a non-GAAP measure.
Merger Results in Strategic Diversification
Further Expands Our Comprehensive Portfolio

**Neurological**
- Severe spasticity
- Parkinson's disease
- Essential tremor
- Hydrocephalus
- Obsessive-compulsive disorder*
- Brain tumors and lesions
- Chronic pain
- Subdural hematomas
- Cranial trauma
- Acute ischemic stroke
- Brain aneurysm
- Vascular embolization

**Structural heart**
- Heart valve disease
- Congenital heart disease

**Coronary**
- Coronary artery disease

**Cardiac rhythm**
- Atrial fibrillation
- Slow heart rates (bradycardia)
- Fast heart rates (tachycardia)
- Heart failure
- Asymptomatic heart rates

**Cardio-Pulmonary**
- Intervventional lung
- Lobectomy/resection
- Mechanical ventilation

**Spinal and orthopedic**
- Cervical degenerative disc disease
- Scoliosis
- Degenerative disc disease
- Spinal fracture
- Lumbar spinal stenosis
- Tibial fractures
- Orthopedic trauma

**Diabetes**

**Endovascular**
- Peripheral vascular disease
  - Arterial
  - Venous insufficiency
  - Deep vein thrombosis
  - End stage renal disease
  - Aortic aneurysms

**Ear, nose and throat**
- Sinus diseases
- Thyroid conditions
- Otologic disorders
- Sleep-disordered breathing
- Pediatric conditions
- Ménière's disease
- Thyroidectomy
- Airway access

**Urological, urogynecological and gastroenterological**
- Overactive bladder and urinary retention
- Nausea and vomiting associated with gastroparesis*
- Fecal incontinence
- Intervventional GI
- Cholecystectomy
- Appendectomy
- Barrett's esophagus
- Capsule endoscopy
- Bariatric bypass and sleeves
- Colon resection
- Hemorrhoidectomy
- Nutrition delivery
- Hysterectomy
- Fibroids
- Salpingo-oophorectomy (sterilization)

**Diagnostics and Solutions**
- CO2 and Respiration
- Consciousness
- Oximetry (pulse and bi-spectral)
- Skin integrity
- Patient & caregiver safety

*Humanitarian device in the United States – the effectiveness for this use has not been demonstrated
Combined Company Immediately Accelerates Ability to Expand Global Access

- 150+ countries
- 300+ locations
- $3.7B combined EM revenue

- Broader presence facilitates more rapid expansion
- Covidien products such as surgical tools and capital equipment are adopted earlier in hospitals, becoming a base for Medtronic chronic disease therapies
- Combined R&D and manufacturing breadth globally enables broader government partnerships
Transforming Healthcare Around the World to Improve More Lives

Together:
$27 Billion Healthcare Leader
87,000+ Employees
Life-Changing Impact for Millions of Patients

Every 3 seconds
Disclaimers

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 WILL BE FILED WITH THE SEC

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 and Covidien 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 mail 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.

Statement Required by the Irish Takeover Rules

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.
REDEFINING INNOVATION
IN THE FACE OF HEALTHCARE REFORM

MEDTECH 2014