

## Medtronic Advances Healthcare Services and Solutions Strategy with Acquisition of Cardiocom

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### *Cardiocom's Patient Management Offerings Reduce Healthcare Costs and Improve Care*

**MINNEAPOLIS - August 12, 2013** - Medtronic, Inc. (NYSE: MDT) today announced the closing of the acquisition of Cardiocom, a privately held developer and provider of integrated telehealth and patient services for the management of chronic diseases, in an all cash transaction valued at \$200 million. Medtronic expects the net impact from this transaction to be neutral to fiscal year 2014 earnings and for this transaction to be consistent with the company's disciplined focus on long-term returns.

This acquisition is in support of Medtronic's transition toward expanding the company's medical device product offerings to broader healthcare services and solutions, providing meaningful clinical and economic value for hospitals, physicians, patients and payers. The first area of focus for Medtronic will be in heart failure, where the addition of the Cardiocom technology and patient services to its product offerings will expand its reach to more patients across the heart failure care continuum.

"With broad healthcare reform initiatives focused on growing economic challenges, healthcare systems in every region of the world are striving to continuously improve outcomes, increase access, save cost, and improve the efficiency of healthcare delivery. The acquisition of Cardiocom is one step we are taking toward providing a combination of products and solutions that can help address those challenges," said Omar Ishrak, chairman and CEO of Medtronic. "With our first integration of this technology focused on heart failure, we will have the unique opportunity to combine our leading diagnostics, therapies and patient management solutions. This combination will strengthen our ability to partner with providers and payers to help them reduce cost and improve quality."

As the global medical technology leader in the chronic disease areas of cardiovascular, pain, and diabetes, Medtronic is extending its market-leading technology portfolio to include focused, complementary services and solutions that treat patients beyond those who solely rely on or need implanted medical devices. Cardiocom is specifically focused on a number of important challenging diseases, such as diabetes and cardiovascular disease, including heart failure and hypertension. Cardiocom's products and services include remote monitoring and patient-centered software to enable efficient care coordination and specialized telehealth nurse support. These integrated solutions are aimed at reporting real-time patient data and proactive patient intervention programs to payers and healthcare providers based on accepted guidelines and evidenced-based protocols, which can result in better outcomes at a lower cost.

"We are excited to announce the acquisition of Cardiocom, which provides Medtronic with a technology platform and services that allow physicians to better manage patients with chronic diseases," said Mike Genau, senior vice president and president of Medtronic's U.S. Region. "With the integration of Cardiocom, our portfolio of products and services will span the continuum of care for the management of heart failure, which affects an estimated 7.5 million people in the U.S. and is a significant burden to the healthcare system - representing 1.1 million hospital visits per year in the U.S. at a cost of \$39 billion each year. We seek to reduce that burden on hospitals, physicians, payers and patients."

"We look forward to joining Medtronic as part of a combined portfolio of products and solutions that can positively impact outcomes for patients and bring value to our customers," said Daniel L. Cosentino, vice president and general manager of Cardiocom at Medtronic, and former CEO of Cardiocom. "The synergy between our technologies and Medtronic's large presence with hospitals, physicians and payers will dramatically increase our distribution channels for the Cardiocom patient management technologies and services. Our approach to care coordination and telehealth services has allowed customers to reduce the overall cost of care, primarily through reduced hospitalizations."

### **The Economic Burden of Chronic Disease**

According to the Centers for Disease Control (CDC), 7 of 10 deaths in America are from chronic disease, with heart disease, stroke, cancer, diabetes and arthritis as the top five chronic diseases. Chronic diseases account for \$3 of every \$4 spent on health care or nearly \$7,900 per every American.

To combat the costs of chronic disease, hospitals and physicians practices around the world are moving to initiate or improve value-based delivery models aimed at better managing and coordinating the care of high-cost, chronic disease patients. Hospitals are seeking to achieve more cost-effective care through the utilization of real-time patient data, earlier and more accurate interventions, and increased patient ownership and management of their disease. For example, one study of patients at the Veterans Health Administration showed the use of telehealth technology resulted in a 25 percent reduction in bed days of care and 20 percent reduction in number of admissions in heart failure<sup>1</sup>.

#### **About Medtronic**

Medtronic, Inc. ([www.medtronic.com](http://www.medtronic.com)), headquartered in Minneapolis, is the global leader in medical technology - alleviating pain, restoring health, and extending life for millions of people around the world.

**This press release contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements include expectations regarding benefits to Medtronic's operations as a result of the closing of the Cardiocom acquisition. The statements in this release are based upon current expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including risks related to the integration of Cardiocom's operations into Medtronic's, the anticipated future benefits (including cost savings and other synergies) resulting from the acquisition of Cardiocom or that such benefits may not be fully realized or may take longer to realize than expected, difficulties and delays inherent in the development, manufacturing, marketing and sale of medical products and services, government regulation, general economic conditions and other risks and uncertainties set forth in Medtronic's periodic reports on file with the Securities and Exchange Commission including, but not limited to, Medtronic's Annual Report on Form 10-K for the year ended April 26, 2013. Actual results may differ materially from anticipated results. Medtronic disclaims any obligation to update or revise statements contained in this release based on new information, future events or otherwise.**

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<sup>1</sup> Adam Darkins, Patricia Ryan, Rita Kobb, Linda Foster, Ellen Edmonson, Bonnie Wakefield, and Anne E. Lancaster. Telemedicine and e-Health. December 2008, 14(10): 1118-1126. doi:10.1089/tmj.2008.0021.

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