

Medtronic Announces Formation of Hospital Solutions Business Aimed at Driving Efficiencies and Cost Savings

The Associated Press

Medtronic, Inc. (NYSE: MDT) today announced the formation of Medtronic Hospital Solutions, a new business focused on developing novel partnerships with hospitals to provide services directly related to hospital operational efficiency. The new business will focus initially on offering services in Europe to manage and modernize catheterization laboratory (cath lab) facilities, bringing sustainable efficiencies and programs to this critical area of hospital cardiology departments.

Medtronic Hospital Solutions today also announced it was awarded its first tenders with two leading hospitals in Europe. These two long-term tenders have been awarded to Medtronic to manage cath lab facilities for the University Hospital of South Manchester (UHSM) NHS Trust and Imperial College Healthcare NHS Trust in London. Under these tenders, Medtronic will manage these hospitals' cath labs to high standards, providing the latest medical technology and infrastructure, optimizing operational efficiency, running daily operations, and developing local cardiac services markets, including the care pathway for patients who need access to cardiac care. Medtronic will administer four UHSM cath labs at Wythenshawe Hospital and five Imperial College Healthcare cath labs based at Hammersmith Hospital.

"The creation of this new business within Medtronic underscores our commitment to develop innovative services and solutions that create efficiencies, address costs, and improve patient access and outcomes for a broader set of hospital customers," said Omar Ishrak, Medtronic chairman and CEO. "We recently announced our acquisition of Cardiocom, which extends our presence and impact in chronic disease management, as part of our expansion beyond devices to healthcare services and solutions. With today's announcement, we have now formed a Hospital Solutions business aimed at addressing efficiency and operational improvement exclusively focused on delivering better clinical and economic outcomes and value for hospitals."

In support of these efforts, Medtronic also today announced that it recently entered into a strategic collaboration with NGC Medical SpA (NGC), based in Novedrate, Italy. NGC has specific expertise and an established track record managing outsourced cath labs in Italy. Under the terms of the agreement, Medtronic has purchased a 30 percent equity stake in NGC, with an agreement to expand NGC's business beyond Italy. Medtronic expects the net impact from this investment 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.

"Medtronic Hospital Solutions is focused on delivering value to hospitals, physicians,

patients, and payers in the challenging global healthcare environment," said Rob ten Hoedt, president of Medtronic Europe, Middle East, Africa and Canada. "With our broad portfolio of market-leading products, deep clinical knowledge, in-hospital footprint around the world, healthcare economics expertise, lean sigma resources, and strong financial position, we are uniquely positioned to collaborate with our customers and provide services that deliver clinical and economic value. We are particularly excited to expand our relationships with UHSM in Manchester and Imperial College Healthcare in London in this new area and look forward to delivering unparalleled results."

Through the Hospital Solutions business, Medtronic will collaborate with hospitals to create efficiencies by offering a suite of tools and process models that help healthcare providers to improve the quality and efficiency of their service delivery, including ensuring affordable access to the latest technologies and treatment options. These efforts will also address and expand patient care pathways, potentially increasing access to care for patients. This is essential at a time when hospitals and health systems are facing ever increasing pressures to meet the demands of an ageing population with finite resources.

In a pilot program conducted last year where Medtronic provided similar hospital efficiency solutions, Maastricht University Medical Center in The Netherlands estimated it had saved an estimated EUR4.5 million (U.S. \$6 million) in one year. During this time Medtronic provided on-site program management to help with hospital staff training, embedding a performance improvement culture, and driving improvements in efficiency, quality, clinical outcomes and patient experience.

"We are acutely aware of the pressures facing hospitals and believe that we can play a very active role in helping them to manage these challenges," comments Frederic Noel, vice president of Medtronic Hospital Solutions. "This new business is about offering healthcare providers more than products. By applying high quality, efficient lean processes we can provide long-term, all-inclusive solutions that can help hospitals treat patients more efficiently while maintaining the highest quality of care."

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