

Covidien Announces Definitive Agreement to Acquire Given Imaging

Business Wire

Covidien plc (NYSE: COV) and Given Imaging Ltd. (Nasdaq: GIVN) today announced a definitive agreement under which Covidien will acquire all of the outstanding shares of Given Imaging for \$30.00 per share in cash, for a total of approximately \$860 million, net of cash and investments acquired. This transaction provides Covidien additional scale and scope to serve the multibillion dollar global gastrointestinal (GI) market and supports the Company's strategy to comprehensively address key global specialties and procedures.

Given Imaging provides one of the broadest technology platforms for visualizing, diagnosing and monitoring the digestive system, including its flagship PillCam[®], an innovative swallowed capsule endoscope.

"We believe GI is one of the most attractive specialty procedure areas. Acquiring Given will enable Covidien to significantly expand its presence in a \$3 billion GI market," said Bryan Hanson, Group President, Medical Devices & U.S., Covidien. "Adding Given's portfolio of diagnostics to our portfolio accelerates Covidien's strategy of providing physicians with products that support the patient along the care continuum from diagnosis to treatment. It also confirms our leadership in developing less-invasive screening, diagnosis and treatment solutions that can improve patient outcomes and lower healthcare costs." "Given Imaging revolutionized GI diagnostics over 12 years ago with the launch of PillCam and created an entirely new diagnostic category -- capsule endoscopy. The combination of Covidien's established global presence and Given Imaging's innovative capabilities has the potential to transform this market," said Homi Shamir, President and CEO, Given Imaging Ltd. "After thoroughly evaluating our strategic options we determined that this transaction is in the best interests of Given Imaging, its shareholders and employees and provides unique benefits to patients globally." Given Imaging is dedicated to developing innovative diagnostic and monitoring technologies for the digestive system. The company's broad portfolio includes the PillCam, a minimally-invasive, non-sedation, swallowed optical endoscopy technology for the small bowel, esophagus and colon. In total, Given Imaging has seven product lines across 21 GI disease states. The company also offers industry-leading GI functional diagnostic solutions including ManoScan[®] high resolution manometry, Bravo[®] capsule-based pH monitoring, Digitrapper[®] pH-Z monitoring and SmartPill[®] motility monitoring systems.

The transaction is subject to customary closing conditions, including Given Imaging shareholder approval and the receipt of certain regulatory approvals, and is expected to be completed by March 31, 2014. The Boards of Directors of both companies have approved the transaction, and the Boards of Directors of DIC, Elron and Rdc, owners of 44 percent of Given's outstanding shares, have approved voting

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in favor of the transaction. DIC has also entered into a customary voting agreement with Covidien.

Financial Highlights Covidien intends to finance the transaction through cash on hand and will report Given Imaging within the Medical Devices business segment. Upon closing of the transaction, Covidien expects Given Imaging will add between \$40 and \$50 million per quarter in incremental revenue to the Medical Devices segment.

On a reported U.S. GAAP basis, the transaction is expected to be dilutive to both operating margin and earnings per share (EPS) in fiscal 2014. On an adjusted basis, excluding one-time items and transaction costs, management expects the transaction to be neutral to both operating margin and EPS in fiscal 2014. The transaction is expected to be accretive to operating margin and EPS both on a U.S. GAAP and on an adjusted basis in fiscal 2015 and beyond. From a “cash earnings” standpoint, which excludes the impact of amortization, the transaction is expected to be accretive immediately after it closes.

Covidien management is not changing any of its guidance as a result of this transaction.

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