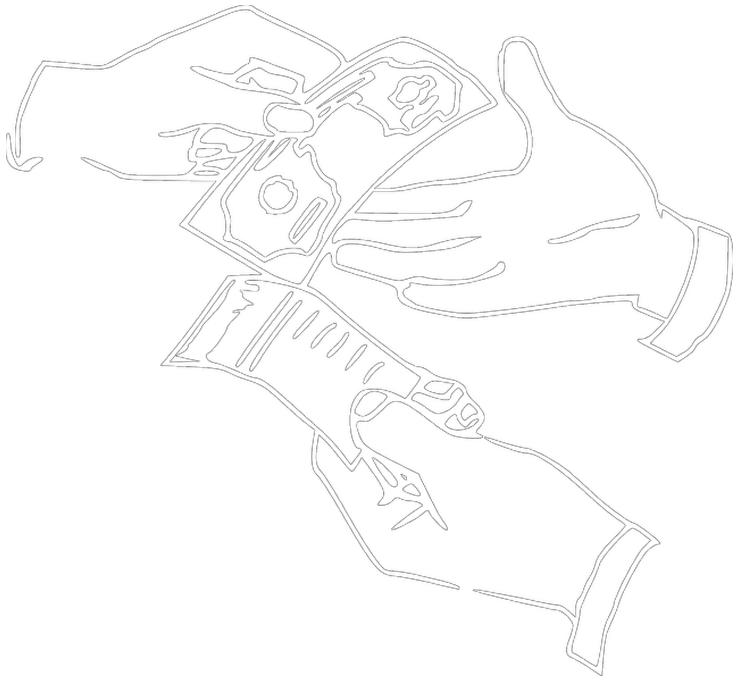


Medtronic acquires Heartware International for \$1.1 bn

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Medtronic and HeartWare International, announced that the companies have entered into a definitive merger agreement under which Medtronic will acquire HeartWare in a transaction valued at approximately \$1.1 billion.

Under the terms of the agreement, Medtronic will commence a tender offer for all outstanding shares of HeartWare common stock for \$58.00 per share, in cash. The boards of directors of both Medtronic and HeartWare have unanimously approved the transaction. The acquisition is expected to close during Medtronic's second fiscal quarter ending Oct. 28, 2016, subject to the satisfaction of customary closing conditions.

Medtronic's acquisition of HeartWare will expand Medtronic's portfolio of diagnostic tools, therapies and services for patients suffering from heart failure, aligning with Medtronic's Mission of alleviating pain, restoring health and extending life, and is in line with the Company's strategy to surround the physician with innovative products while focusing on patients and disease states.

HeartWare's flagship product, the HVAD System, features the world's smallest full-support ventricular assist device (VAD) and is designed to reduce surgical invasiveness, improve patient recovery times and enhance patient outcomes. In addition, HeartWare has multiple technologies in development designed to offer progressively less-invasive mechanical circulatory support options for patients with end-stage heart failure. Medtronic estimates that the global VAD market is approximately \$800 million currently and worldwide is expected to grow in the mid-to-high single digits for CY16-17, and accelerate to high-single/low-double digits beyond CY17.

"The addition of HeartWare's innovative portfolio adds to our expanding portfolio of diagnostics, therapeutics and services that address heart failure patients," said Mr Mike Coyle, executive vice president and president of the Cardiac and Vascular Group at Medtronic. "The team at HeartWare has established excellent relationships with its hospital customers and built a strong position and reputation in the marketplace. This transaction, once closed, will be a further, important step toward Medtronic offering a complete suite of solutions to address patient needs across the heart failure care continuum."

"Medtronic is the worldwide leader in cardiovascular device technologies. Its expansive expertise in the development of implantable systems and battery technologies, patient monitoring, manufacturing, global regulatory policy and commercialization should help accelerate the development and introduction of our innovative pipeline products, and will expand access to our therapies and offerings to the sizeable heart failure population," said Mr Doug Godshall, president and chief executive officer, HeartWare. "Combining the unique capabilities of the HeartWare team, which has been entirely focused on mechanical support technologies, with the broad strength of the Medtronic organization provides a unique opportunity to enhance growth in the mechanical circulatory support market. All of our stakeholders, including customers, employees, shareholders, and most importantly, patients, will benefit meaningfully from this complementary combination."

"HeartWare's HVAD System enhances the portfolio of our Cardiac & Vascular Group, a team with a proven track record of executing and a demonstrated ability to scale early stage concepts into large, sustainable end markets," said Mr Omar Ishrak, chairman and chief executive officer of Medtronic. "In addition, from a financial perspective, we are pleased to reach an agreement that meets our acquisition criteria of adding minimal to no net EPS dilution in the near-term, while at the same time creating strong, long-term expected returns for our shareholders."

This transaction is expected to meet Medtronic's long-term financial metrics for acquisitions.

Medtronic's financial advisor for the transaction is J.P. Morgan Securities LLC, with Ropes & Gray LLP acting as legal advisor. HeartWare's financial advisor is Perella Weinberg Partners LP, with Shearman & Sterling LLP acting as legal advisor.