Medtronic News

Medtronic Statement Regarding New York Times Article on March 29, 2020

DUBLIN, March 29, 2020 (GLOBE NEWSWIRE) -- Medtronic plc (NYSE:MDT) issued the following statement regarding a *New York Times* article mentioning Medtronic on March 29, 2020:

Medtronic seeks to provide additional facts regarding the *New York Times* article entitled *"The U.S. Tried to Build a New Fleet of Ventilators. The Mission Failed.",* dated March 29, 2020. The article lacks important information regarding Newport Medical's contract with the U.S. Government.

Medtronic, who had no relationship with Newport Medical and who did not purchase Covidien until 2015 – nearly three years after the contract dissolved - had no prior knowledge of or involvement in this contract in any manner.

Since the outset of COVID-19 in early 2020 in China, Medtronic has ramped up production of its high-performance ventilators by more than 40 percent. The company's employees are working 24/7 across multiple shifts to produce as many high-performance ventilators as possible – from a production level of approximately 100 PB980 ventilators pre-pandemic to more than 225 vents per week to date with plans to double that again to more than 500 vents per week. In addition, the company is working with third parties to explore other non-traditional mechanisms to increase production of ventilators, including providing its intellectual property and ventilator designs to the public for third-party ventilator production.

Medtronic's review and understanding of the facts regarding Newport Medical are as follows:

- In September 2010, Newport Medical, an independent, approximately 100-person company based in California, entered into a contract with the Government to develop a new fully featured, mid-level ventilator at a cost of $3,000.00. The contract required that the ventilator be capable of use in neonatal through adult populations. The three-year contract was initiated on September 24, 2010 with an expected completion date of September 23, 2013.
- In May 2012, Newport Medical was then acquired by Covidien in order to provide Covidien with access to Newport's existing mid-level acuity ventilators, thus expanding Covidien's portfolio of ventilators into the mid-level acuity category.
- Through the due diligence process, Covidien became aware of Newport Medical's contract with the Government. Covidien learned that Newport's work on the ventilator design for the Government had significant gaps between what it had promised the Government and what it could deliver – both in terms of being able to achieve the cost of production specified in the contract and product features and performance. Covidien management questioned whether Newport's ability to complete the project as agreed to in the contract was realistic.
- Covidien management attempted through 2013 to address and fill the gaps in Newport's capabilities, however, they were unable to do so. They were not able to deliver a product close to the target cost of manufacture required by the contract specifications. In addition, the company was unable to secure FDA approval for use in neonatal populations – a contract requirement.
- In November 2013, Newport/Covidien and the Government mutually agreed to end the contract. The Government retained ownership of all equipment, tooling, and intellectual property rights in the event the Government were to pursue the project with another manufacturer. To our knowledge, no one has provided such a ventilator to the Government to date.
- Bob White, Medtronic's EVP and President of its Minimally Invasive Therapies Group, was made available to the *New York Times* to discuss ventilators and the current efforts by Medtronic to supply the marketplace in light of COVID-19. In the process of the interview, he was asked about this contract. Mr. White did not immediately recall the specific details of the contract - events that occurred nearly eight years ago.

About Medtronic

Medtronic plc (www.medtronic.com), headquartered in Dublin, Ireland, is among the world's largest medical technology, services and solutions companies – alleviating pain, restoring health and extending life for millions of people around the world. Medtronic employs more than 90,000 people worldwide, serving physicians, hospitals and patients in more than 150 countries. The company is focused on collaborating with stakeholders around the world to take healthcare Further, Together.

Any forward-looking statements are subject to risks and uncertainties such as those described in Medtronic's periodic reports on file with the Securities and Exchange Commission. Actual results may differ materially from anticipated results.

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