

Medtronic Acquires Sapiens Steering Brain Stimulation

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Sapiens' Deep Brain Stimulation Technologies Strengthen Medtronic's Neuromodulation Portfolio and Neuroscience Leadership Position

MINNEAPOLIS and EINDHOVEN - Aug. 26, 2014 - Medtronic, Inc. (NYSE: MDT) today announced that it has acquired Sapiens Steering Brain Stimulation (Sapiens SBS), a privately held developer of deep brain stimulation (DBS) technologies for approximately \$200 million in an all-cash transaction.

The acquisition of Sapiens SBS strengthens Medtronic's capabilities in an important, emerging frontier of medicine - the modulation of brain function. The acquisition exemplifies Medtronic's ongoing investment in innovation as the company strives to become the partner of choice for neurosurgeons and neuroscience centers around the world.

Sapiens SBS, located in Eindhoven, The Netherlands, is developing a DBS system that features an advanced DBS lead with 40 individual stimulation points. This advanced system is designed to allow more precise stimulation of the intended target in the brain and may potentially result in reduced procedure time and fewer stimulation-induced side effects.

Employees at the Eindhoven facility will continue to work toward bringing this technology to market. In the future, the site will serve as a global research and development center for Medtronic's Neuromodulation business, complementing our existing R&D operations.

Medtronic and Sapiens SBS will work to finalize product development and begin clinical research to integrate these technologies into an expanded portfolio of DBS products within Medtronic's Neuromodulation business.

"This acquisition broadens our neuroscience leadership position with innovative brain modulation technology that, along with our comprehensive portfolio of DBS solutions, may one day transform the way physicians are able to treat patients with neurodegenerative diseases like Parkinson's disease and essential tremor," said Lothar Krinke, Ph.D., vice president and general manager of the Brain Modulation business at Medtronic.

"Since 2011, Sapiens SBS employees have worked tirelessly to develop an advanced deep brain stimulation system," said Jan Keltjens, chief executive officer at Sapiens SBS. "We are excited to join Medtronic, and look forward to collectively working to bring this and other novel technologies and therapies to neuromodulation patients worldwide that could benefit from them."

Medtronic developed and leads the field of neuromodulation, the targeted and regulated delivery of electrical pulses and pharmaceuticals to specific sites in the nervous system. The company's Neuromodulation business includes implantable neurostimulation and targeted drug delivery systems for the management of chronic pain, common movement disorders, spasticity and urologic and gastrointestinal disorders. Medtronic helped pioneer DBS, and more than 115,000 patients worldwide have received Medtronic DBS Therapy, which is approved in many locations around the world, including Europe and the United States, for the treatment of the disabling symptoms of essential tremor, advanced Parkinson's disease and chronic intractable primary dystonia, for which approval in the United States is under a Humanitarian Device Exemption (HDE). In Europe, Canada and Australia, DBS therapy is approved for the treatment of refractory epilepsy. DBS therapy is also approved for the treatment of severe, treatment-resistant obsessive-compulsive disorder in the European Union and Australia, and in the United States under an HDE.

The transaction is expected to meet Medtronic's long-term financial metrics and does not impact fiscal year 2015 earnings guidance.

About Sapiens SBS

With offices in Eindhoven, The Netherlands, Sapiens SBS was founded in 2011 by Sjaak Deckers, Hubert Martens and Michel DecrÃ©. The company is a spin-out of Philips, and is backed by Wellington Partners, Edmond de Rothschild Investment Partners, Life Sciences Partners (LSP), the Wellcome Trust, INKEF Capital and Gilde Healthcare.

About Medtronic

Medtronic, Inc. (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 Sapiens SBS acquisition. The statement that the Sapiens SBS acquisition is expected to meet Medtronic's long-term financial metrics and not impact fiscal year 2015 earnings guidance is not a profit forecast and should not be interpreted to mean that the earnings per share in the current or any future financial period will necessarily match or be greater than those for the relevant preceding financial period. 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 Sapiens SBS's operations into Medtronic's, the anticipated future benefits (including cost savings and other synergies) resulting from the acquisition of Sapiens SBS 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 25, 2014. 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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