

Covidien plc  
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Subject Company: Covidien plc

Form S-4 File No.: 333-197406

Date: October 3, 2014

**MEDTRONIC COVIDIEN ACQUISITION**

**UPDATED FINANCING PLANS FACT SHEET**

**October 3, 2014**

**Transaction Background**

On June 15, Medtronic announced that the company entered into a definitive agreement to acquire healthcare technology and medical supplies provider Covidien. The combination of Medtronic and Covidien unites the two companies under a single mission to alleviate pain, restore health and extend life for patients with chronic disease around the world.

**Based Upon a Long-Term Strategy to Drive Better Patient Outcomes, at Reduced Costs**

The products and services portfolio of the combined company will allow it to address the major disease states impacting patients and healthcare costs around the world, building on our therapeutic leadership positions in cardiac and vascular disease management, diabetes, neuroscience, general surgery and patient monitoring. In doing so, it will position Medtronic to better meet the demands of the current health care marketplace, and ultimately, to reach more patients, in more ways and in more places around the world.

**Responds to the Demands of the Evolving Healthcare Marketplace**

The company's expanded offerings will allow us to serve our customers more efficiently and better address the demands of a changing healthcare marketplace with the potential to provide solutions that improve patient outcomes and lower system costs.

Our combined expertise will provide a comprehensive, structured, and unique understanding of how clinical value translates to economic value for our partners.

Together, Medtronic and Covidien will be better positioned to deliver on the aims of the Patient Protection and Affordable Care Act regarding value-based healthcare.

**Financial Update**

On October 3, 2014, Medtronic announced that it intends to use approximately \$16 billion in external financing to complete the acquisition of Covidien. To fund the cash portion of the transaction, Medtronic intends to utilize new financing expected to be in place by the closing of the transaction. Medtronic expects the transaction to close in late CY2014 or early CY2015.

Updated financials related to the transaction are as follows:

New U.S. Debt to Fund Cash Portion of Transaction:

Approximately \$16 billion

Current Expected Interest Expense Rate Assumption: 4.0% to 4.5%

New financing expected to be in place prior to closing

Foreign Subsidiary Cash Now Not Being Used as Part of Transaction:

Approximately \$13.5 billion

Current Expected Interest Income Rate Assumption: 2.25% to 2.75%

Change to Transaction EPS Impact<sup>1</sup> under Updated Financing Plans:

Remains Cash EPS accretive in FY16; significant accretion thereafter

GAAP EPS neutral in FY19; accretive thereafter (previously accretive in FY18)

Change to Transaction Leverage Ratios under Updated Financing Plans:

1.9x pro forma net debt to EBITDA at closing; 0.7x in FY18

3.7x pro forma gross debt to EBITDA at closing; 2.7x in FY18 (previously 2.3x at closing, maintain going forward)

Percentage of Untrapped Free Cash Flow: Still expect increase from 35-40% today to approximately 60% upon closing

Cost Synergies: Still expect minimum of \$850 million in pre-tax annual cost synergies by FY18

Expected Effective Tax Rate of New Medtronic: Expected reduction of approximately 2 percentage points compared with the companies' estimated blended rates (previously 1-2 percentage points)

Return Hurdle: Still expect double-digit hurdle rate

Tax Implications for Shareholders: Do not change under this updated financing plan

<sup>1</sup> The statement that this acquisition is earnings accretive 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.

**NO OFFER OR SOLICITATION**

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the acquisition, the merger or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

**IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

Medtronic Holdings Limited, which will be renamed Medtronic plc ( New Medtronic ), has filed with the Securities and Exchange Commission (the SEC ) a registration statement on Form S-4 that includes the preliminary Joint Proxy Statement of Medtronic, Inc. ( Medtronic ) and Covidien plc ( Covidien ) that also constitutes a preliminary Prospectus of New Medtronic. The registration statement is not complete and will be further amended. Medtronic and Covidien plan to make available to their respective shareholders the final Joint Proxy Statement/Prospectus (including the Scheme) in connection with the transactions. **INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS (INCLUDING THE SCHEME) AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT MEDTRONIC, COVIDIEN, NEW MEDTRONIC, THE TRANSACTIONS AND RELATED MATTERS.** Investors and security holders are able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed with the SEC by New Medtronic, Medtronic and Covidien through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and shareholders are able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Medtronic and New Medtronic with the SEC by contacting Medtronic Investor Relations at [investor.relations@medtronic.com](mailto:investor.relations@medtronic.com) or by calling 763-505-2696, and will be able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Covidien by contacting Covidien Investor Relations at [investor.relations@covidien.com](mailto:investor.relations@covidien.com) or by calling 508-452-4650.

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## **PARTICIPANTS IN THE SOLICITATION**

Medtronic, New Medtronic and Covidien and certain of their respective directors and executive officers and employees may be considered participants in the solicitation of proxies from the respective shareholders of Medtronic and Covidien in respect of the transactions contemplated by the Joint Proxy Statement/Prospectus. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the respective shareholders of Medtronic and Covidien in connection with the proposed transactions, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the final Joint Proxy Statement/Prospectus when it is filed with the SEC. Information regarding Medtronic's directors and executive officers is contained in Medtronic's Annual Report on Form 10-K for the fiscal year ended April 25, 2014 and its Proxy Statement on Schedule 14A, dated July 11, 2014, which are filed with the SEC. Information regarding Covidien's directors and executive officers is contained in Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013 and its Proxy Statement on Schedule 14A, dated January 24, 2014, which are filed with the SEC.

## **Cautionary Statement Regarding Forward-Looking Statements**

Statements contained in this communication that refer to New Medtronic's, Medtronic's and/or Covidien's estimated or anticipated future results, including estimated synergies, or other non-historical facts are forward-looking statements that reflect Medtronic's and/or Covidien's current perspective of existing trends and information as of the date of this communication. Forward-looking statements generally will be accompanied by words such as anticipate, believe, plan, could, should, estimate, expect, forecast, outlook, guidance, intend, may, might, will, project, or other similar words, phrases or expressions. It is important to note that these goals and expectations are not predictions of actual performance. Actual results may differ materially from current expectations depending upon a number of factors affecting New Medtronic's business, Medtronic's business, Covidien's business and risks associated with the proposed transactions. These factors include, among others, the inherent uncertainty associated with financial projections; restructuring in connection with, and successful close of, the Covidien acquisition; subsequent integration of the Covidien acquisition and the ability to recognize the anticipated synergies and benefits of the Covidien acquisition; the risk that the required regulatory approvals for the proposed transactions are not obtained, are delayed or are subject to conditions that are not anticipated; the anticipated size of the markets and continued demand for Medtronic's and Covidien's products; the impact of competitive products and pricing; access to available financing (including financing for the acquisition or refinancing of Medtronic or Covidien debt) on a timely basis and on reasonable terms; the risks of fluctuations in foreign currency exchange rates; the risks and uncertainties normally incident to the medical device industry, including competition in the medical device industry; product liability claims; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; variability of trade buying patterns; the timing and success of product launches; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; potential for adverse pricing movement; costs and efforts to defend or enforce intellectual property rights; difficulties or delays in manufacturing; reduction or interruption in supply; product quality problems; the availability and pricing of third-party sourced products and materials; risks associated with self-insurance and commercial insurance; successful compliance with governmental regulations applicable to New Medtronic's, Medtronic's and Covidien's facilities, products and/or businesses; changes in the laws and regulations, affecting among other things, pricing and reimbursement of pharmaceutical products; health care policy changes; risks associated with international operations; changes in tax laws or interpretations that could increase New Medtronic's, Medtronic's and/or Covidien's consolidated tax liabilities, including, if the transaction is consummated, changes in tax laws that would result in New Medtronic being treated as a domestic corporation for United States federal tax purposes; the loss of key senior management or scientific staff; and such other risks and uncertainties detailed in Medtronic's periodic public filings with the SEC, including but not limited to Medtronic's Annual Report on Form 10-K for the fiscal year ended April 25, 2014, in Covidien's periodic public filings with the SEC, including but not limited to Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013, and from time to time in Medtronic's and Covidien's other investor communications. Except as expressly required by law, each of New Medtronic and Medtronic disclaims any intent or

obligation to update or revise these forward-looking statements.

## STATEMENTS REQUIRED BY THE IRISH TAKEOVER RULES

### Responsibility Statement

The directors of Medtronic accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the directors of Medtronic (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

### Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Panel Act, 1997, Takeover Rules 2013 (the Irish Takeover Rules), if any person is, or becomes, interested (directly or indirectly) in, 1% or more of any class of relevant securities of Covidien or Medtronic, all dealings in any relevant securities of Covidien or Medtronic (including by means of an option in respect of, or a derivative referenced to, any such relevant securities) must be publicly disclosed by not later than 3:30 pm (Irish time) on the business day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective or on which the offer period otherwise ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an interest in relevant securities of Covidien or Medtronic, they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules.

Under the provisions of Rule 8.1 of the Irish Takeover Rules, all dealings in relevant securities of Covidien by Medtronic or relevant securities of Medtronic by Covidien, or by any party acting in concert with either of them, must also be disclosed by no later than 12 noon (Irish time) on the business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose relevant securities dealings should be disclosed, can be found on the Irish Takeover Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie). Interests in securities arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an interest by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Irish Takeover Rules, which can also be found on the Irish Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a dealing under Rule 8, please consult the Irish Takeover Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie) or contact the Irish Takeover Panel on telephone number +353 1 678 9020 or fax number +353 1 678 9289.

### No Profit Forecast / Asset Valuations

No statement in this presentation is intended to constitute a profit forecast for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for Medtronic or Covidien or New Medtronic as appropriate. No statement in this presentation constitutes an asset valuation.

### General

Appendix I to the Rule 2.5 announcement contains further details of the sources of information and bases of calculations set out in this announcement; Appendix II to the Rule 2.5 announcement contains definitions of certain expressions used in this announcement; Appendix III to the Rule 2.5 announcement contains the Conditions of the Acquisition and the Scheme; Appendix IV to the Rule 2.5 announcement sets out the report from

PricewaterhouseCoopers in respect of certain merger benefit statements made in this announcement; Appendix V to the Rule 2.5 announcement contains the report from Perella Weinberg Partners LP, in respect of certain merger benefit statements made in the Rule 2.5 announcement and Appendix VI to the Rule 2.5 announcement sets out the Transaction Agreement.



The release, publication or distribution of this announcement in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this announcement and all other documents relating to the Acquisition are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction. Persons receiving such documents (including, without limitation, nominees, trustees and custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the proposed Acquisition disclaim any responsibility or liability for the violations of any such restrictions by any person.

Any response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Circular or any document by which the Acquisition and the Scheme are made. Medtronic Shareholders and Covidien Shareholders are advised to read carefully the formal documentation in relation to the proposed Transaction once the Scheme Circular has been dispatched.

All Non-GAAP to GAAP reconciliations are posted to our website.

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.**