

Medical device maker Medtronic to buy Covidien for \$42.9 bn

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US medical-device maker Medtronic will buy its Irish-based competitor Covidien for \$42.9 billion, the company said late Sunday.

The deal would allow Medtronic to take advantage of Ireland's lower business tax rates—12.5 percent versus 35 percent in the United States.

The cash-and-stock transaction is valued at \$93.22 per Covidien share, or some \$42.9 billion based on Medtronic's closing stock price of \$60.70 per share on June 13, the statement read.

The combined company will have a broad product portfolio and some 87,000 employees in more than 150 countries.

Once the transaction is complete, "the businesses of Medtronic and Covidien will be combined under a new entity to be called Medtronic plc," the statement read.

"It will have its principal executive offices in Ireland, where Covidien's current headquarters resides and where both companies have a longstanding presence."

Medtronic plc however will continue to have its operational headquarters in Minneapolis, Minnesota, where the company currently employs more than 8,000 people.

"This acquisition will allow Medtronic to reach more patients, in more

ways and in more places," said Medtronic Chairman and Chief Executive Officer Omar Ishrak.

Medtronic produces orthopedic and cardiovascular devices and is valued at around \$61 billion, against \$32 billion for Covidien, which focuses on devices used for surgery.

A number of US companies, in particular in the pharmaceutical industry, have recently launched bids to buy companies as a way to reduce their costs and tax burden and use their cash overseas.

Pfizer recently abandoned an attempt to buy British firm AstraZeneca for \$117 billion in a deal that would have allowed the US company to take advantage of Britain's lower corporate tax rate.

The United States is considering amending its legislation to allow multinational companies to keep overseas indefinitely a portion of their profits in order to avoid paying US taxes on it.

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