

MEDTRONIC

POLICY ON OUTSOURCING ANIMAL TESTING

RESOLVED, that the Board is encouraged to enact a policy against outsourcing product testing on animals to China and other countries with inadequate animal welfare laws.

Supporting Statement:

Our Company has posted guidelines on its Web site entitled *Animals In Research Policy* (the "*Animal Policy*"). The Company has made commitment to attain the "highest standards of respectful, humane care of animals."¹ The *Animal Policy* embraces goals such as using the least number of animals, using alternative methods, holding service providers to the same ethical standards that the Company applies to itself, ensuring that Medtronic's staff of licensed veterinarians oversee animal research, and establishing ethics committees that review research protocols and conduct regular facility inspections. The Company must ensure that those goals are more than aspirational – it must ensure that they are obligatory and binding.

Our company is heavily invested in the current trend to relocate product development and manufacturing, and animal testing and research to China. On December 18, 2007, *Business Week* reported in "Eye on Asia: Medtronic's New Chinese Partner" that the Company had entered into a joint venture with Shandong Weigao Group Medical Polymer Co., Ltd. Medtronic is a 51% joint venture partner and Weigao holds a 49% interest. In addition to the joint venture agreement, Medtronic acquired a 15% interest in Weigao for a reported \$221 million.

Weigao focuses on the development, manufacture and sale of orthopedic, trauma and medical devices such as plates, screws and spinal implants. Medtronic's CEO Bill Hawkins

¹ http://www.medtronic.com/corporate_governance/animals.html. This stated commitment stands in stark contrast to Medtronic's expenditure in 2007 of \$940,000 to lobby for the use of live animals in medical device sales demos. (Associated Press, Feb. 27, 2008.)

stated that "China is key to our global strategy as we continue to expand our geographic footprint."² Referring to the Weigao joint venture, a Medtronic spokesman remarked that Medtronic will contribute its leading edge products, technologies and training as well as extensive clinical, R&D capabilities to the joint venture.³ This statement confirms that Medtronic sponsored research and development activities will be conducted in China.

However, as reported in *Forbes* magazine the primary rationale for outsourcing animal testing to China is that "scientists are cheap, lab animals plentiful and pesky protesters held at bay."⁴ As recently as February 28, 2008, the *Economist* published an article entitled "Animal Rights in China: A Small Voice Calling." The article reported that "animals are treated dreadfully in Chinese farms, laboratories, zoos and elsewhere" and that "few Chinese accept that animals have any rights at all." The February 29, 2008 edition of the *New York Times* featured a story entitled "Blood Thinner Might Be Tied to More Deaths" reporting that heparin made from pig intestines produced in China may be the cause of increased deaths in U.S. patients. As these and other recent media reports of safety scandals and product recalls have made abundantly clear, standards in China, whether for product quality or animal welfare, are abysmal.

Shareholders are entitled to assurances that our Company will not export animal testing to countries with inadequate animal welfare protections. We urge shareholders to support this socially and ethically responsible resolution.

² <http://seekingalpha.com/article/58116-medtronic-expands-chinese-presence>.

³ Reported in PharmAsia News, Dec. 27, 2008. See, <http://fdcalerts.typepad.com/asia/2007/12/chinese-device.html>.

⁴ "Comparative Advantage"; *Forbes*, p. 76 Vol. 178 No. 10 (Nov. 13, 2006)