BACKGROUND

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Future of Diabetes Management

Diabetes is nearing epidemic proportions. Worldwide, the number of cases is expected to double to 300 million in less than 25 years. If left untreated, long-term complications of the disease can lead to heart failure, blindness, impotence, kidney failure, amputation, and in many cases death. Maintaining glucose levels in a near-normal range is critical to lowering healthcare costs and improving quality of life. Insulin delivery with a pump is the most effective way to maintain tight glucose control for many diabetes patients. A pump more closely mimics a healthy pancreas by delivering insulin effectively, continuously and with minimal absorption variability.

Medtronic MiniMed is a world leader in advanced solutions for the treatment of diabetes. Today, the company offers a system of products, including insulin pumps, a continuous glucose monitoring system and data management tools that work together to provide comprehensive information to physicians and patients.

The company is committed to bringing to market an “artificial pancreas,”* in which a sensor is designed to continuously monitor blood glucose levels and communicate with an insulin pump to automatically deliver insulin accurately and precisely. The goals of such a system are to reduce or completely eliminate the need for human intervention in the management of diabetes and achieve tight blood glucose control. Tight blood glucose control has been shown to reduce the incidence and severity of diabetes complications and lower healthcare costs. The artificial pancreas is intended to include an implantable sensor** and an insulin pump. This system is designed to calculate the amount of insulin required to manage diabetes by using a mathematical algorithm. The implantable sensor is being designed to communicate with either an external insulin pump or an implantable insulin pump**, using radio frequency telemetry. The company expects to provide a variety of choices to people with diabetes, enabling patients to choose a particular therapy that suits their individual needs.

In clinical studies today, the implantable sensor** is connected to an implantable insulin pump** by an abdominal lead for the purpose of evaluating and testing sensor accuracy and performance, as well as testing mathematical algorithms. While these studies are ongoing, the company is pleased to date with the accuracy of the sensor/pump system over the periods studied. Research breakthroughs on this topic are presented annually at the American Diabetes Association (ADA) and European Association for the Study of Diabetes (EASD).

Any statements made about the company's anticipated regulatory approvals are forward-looking statements subject to risks and uncertainties such as those described in the company's Annual Report on Form 10-K for the year ended April 26, 2002. Actual results may differ materially from anticipated results.

For a brief statement about the use of Insulin Pump Therapy, please [click here].

*Sensor augmented system using a feedback mechanism to control insulin delivery. The components of the artificial pancreas are investigational devices only. Regulatory approval is required in order to launch these products.
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